

# PADMANABAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

### Independent Auditor's Report

To the Board of Directors of Caspian Financial Services Limited

### Report on the audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying Standalone Ind AS financial statements of Caspian Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SA), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

#### Responsibilities of Management and Those Charged with Governance for Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Charged with Governance are also responsible for overseeing the Company's financial reporting process.

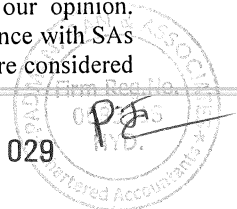
#### Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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

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material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

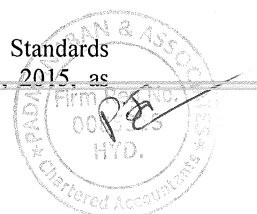
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purpose of our audit;
- B. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- C. The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

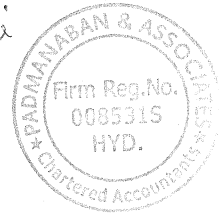


- E. Since the Company's turnover as per last audited financial statements is less than Rs. 50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs. 25 Crores, the company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017.
- F. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations on its financial position in its financial statements.
  - ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which required to be transferred to the investor education and protection fund by the company.

**For Padmanaban & Associates**  
**Chartered Accountants**  
**Firm's Registration Number : 008531S**

*P. Jyothi*

**P.Jyothi**  
**(Partner)**

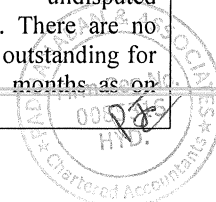


**Place: Hyderabad**  
**Date: 20<sup>th</sup> May 2019**

## Annexure 1 to the Auditors' Report

The Annexure 1 referred to in our report to the members of Caspian Financial Services Limited('the Company') for the year ended 31st March 2019. We report that:

S.No.	Particulars	Auditors Remark
(i)	(a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	Not applicable as the Company has not acquired any fixed asset as on 31.03.2019
	(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	Not applicable as the Company has not acquired any fixed asset as on 31.03.2019
	(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under clause 3(i)(c) of the Order are not applicable to the Company.	Not applicable as the Company has not acquired any fixed asset as on 31.03.2019
(ii)	(a) whether physical verification of inventory has been conducted at reasonable intervals by the management;	Not applicable as the Company has purchased neither raw materials nor stores.
	(b) are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business. If not, the inadequacies in such procedures should be reported;	Not applicable as the Company has purchased neither raw materials nor stores.
	(c) whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;	Not applicable as the Company has purchased neither raw materials nor stores.
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so,	No
	(a) whether receipt of the principal amount and interest are also regular, AND	Not applicable
	(b) if overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest;	Not applicable
(iv)	Whether the company has granted any loans or advances or guarantees in respect of persons described in section 185 and 186 of the Act?	No
(v)	in case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with?	The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Companies Act
(vi)	where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, whether such accounts and records have been made and maintained;	Not so prescribed
(vii)	(a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.	Yes. The Company was regular in depositing all applicable undisputed statutory dues. There are no statutory dues outstanding for more than six months as on 31.03.2019



	(b) in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned.	As per information given to us, there is no such disputed tax payable by the Company.
	(c) whether the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.	No such amount is required to be so transferred.
(viii)	Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported;	No
(ix)	Whether the company has raised any money by way of initial public offer or further public offer (Including debt instruments)? Further, whether the term loans taken by the company were applied for the purpose for which they were obtained?	No such money was raised by the Company during FY 2018-19
(x)	Whether any fraud on or by the company has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.	Based on the audit procedures adopted and the information and explanations given to us, there has been no incidence of fraud noticed or reported during the period under review.
(xi)	Whether the Company has paid/provided managerial remuneration during the year?	According to the information and explanations given to us, no such payment was made by the Company during the year.
(xii)	Whether the Company is a Nidhi company?	No.
(xiii)	Whether all transactions with the related parties are in compliance with section 177 and 188 of Companies Act and the details have been disclosed in the financial statements as required by the applicable accounting standards?	Based on the audit procedures adopted and the information and explanations given to us, there has been no incidence of such non-compliance noticed or reported during the period under review.
(xiv)	Whether the Company has made private placement of shares during the year?	No.
(xv)	Whether the Company has not entered into non-cash transactions with directors or persons connected with him?	According to the information and explanations given to us, no such transactions have taken place in the Company during the year.
(xvi)	Whether Company is registered under section 45-IA of the Reserve Bank of India Act 1934?	No.

For Padmanaban & Associates  
Chartered Accountants  
Firm's Registration Number : 008531S

*P. Jyothi*

**P.Jyothi**  
**(Partner)**  
**M.No : 200554**



Place: Hyderabad  
Date: 20<sup>th</sup> May 2019

## **Annexure - 2 to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of Criss Financial Holdings Limited ("the Company") as of 31 March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

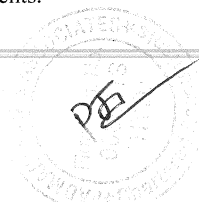
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



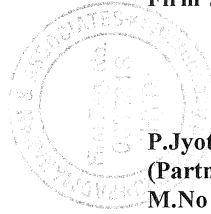
**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively for the year ended 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Padmanaban & Associates  
Chartered Accountants  
Firm's Registration Number : 008531S**



*P. Jyothi*

**P.Jyothi  
(Partner)  
M.No : 200554**

**Place: Hyderabad  
Date: 20<sup>th</sup> May 2019**

**CASPIAN FINANCIAL SERVICES LIMITED**  
**Balance Sheet as at March 31, 2019**

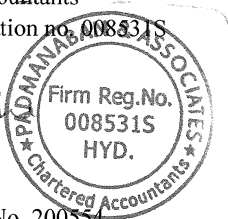
*(Rupees in millions unless otherwise stated)*

	Note No.	31st March 2019	31st Mar 2018
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	4	21.16	20.29
<b>Total Financial Assets</b>		<b>21.16</b>	<b>20.29</b>
<b>Total Assets</b>		<b>21.16</b>	<b>20.29</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Non Financial Liabilities</b>			
Current Tax Liabilities (net)	5	0.30	0.02
Other Non Financial Liabilities	6	0.03	0.52
<b>Total Liabilities</b>		<b>0.33</b>	<b>0.54</b>
<b>Equity</b>			
Equity Share Capital	7	20.00	20.00
Other Equity	8	0.83	(0.25)
<b>Total Equity</b>		<b>20.83</b>	<b>19.75</b>
<b>Total Liabilities and Equity</b>		<b>21.16</b>	<b>20.29</b>
Summary of significant accounting policies	3		

As per our report of even date

For Padmanaban & Associates  
Chartered accountants  
Firm's registration no. 008531S

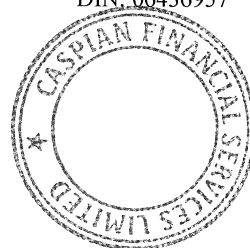
P. Jyothi  
**P. Jyothi**  
Partner  
Membership No. 200554



For and on behalf of the Board of Directors of  
Caspian Financial Services Limited

Padmaja Gangireddy  
Director  
DIN: 00004842

Abdul Feroz Khan  
Director  
DIN: 06436957



Place: Hyderabad  
Date: May 20, 2019

Place: Hyderabad  
Date: May 20, 2019



**CASPIAN FINANCIAL SERVICES LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2019**

*(Rupees in millions unless otherwise stated)*

	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue from Operations</b>			
Interest Income	9	0.41	0.32
Net gain on fair value changes		1.06	-
<b>Total Revenue from Operations</b>		<b>1.47</b>	<b>0.32</b>
<b>Total Income</b>		<b>1.47</b>	<b>0.32</b>
<b>Expenses</b>			
Finance cost	10	0.01	0.00
Other expenses	11	0.04	0.51
<b>Total expenses</b>		<b>0.05</b>	<b>0.51</b>
<b>Profit before tax</b>		<b>1.42</b>	<b>(0.20)</b>
Tax expense:			
Current tax		0.34	0.05
Deferred tax			
<b>Profit for the period</b>		<b>1.08</b>	<b>(0.25)</b>
<b>Other Comprehensive Income / ( Loss)</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income/ (loss), net of tax</b>		<b>1.08</b>	<b>(0.25)</b>
<b>Earnings per share</b>			
Basic (computed on the basis of total profit for the period )	12	0.54	(0.13)
Diluted (computed on the basis of total profit for the period )	12	0.54	(0.44)
Nominal value		10.00	10.00
Summary of significant accounting policies As per our report of even date	3		

For **Padmanaban & Associates**

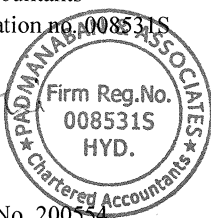
Chartered accountants

Firm's registration no. 008531S

P. Jyothi

**P. Jyothi**  
Partner

Membership No. 200554



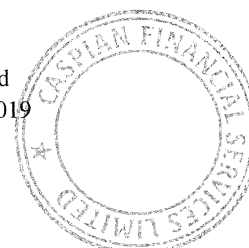
Place: Hyderabad  
Date: May 20, 2019

For and on behalf of the Board of Directors of  
Caspian Financial Services Limited

Padmaja Gangireddy  
Director  
DIN: 00004842

Abdul Feroz Khan  
Director  
DIN: 06436957

Place: Hyderabad  
Date: May 20, 2019



**CASPIAN FINANCIAL SERVICES LIMITED**  
**Cash flow statement for the year ended March 31, 2019**

*(Rupees in millions unless otherwise stated)*

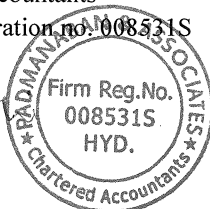
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	1.42	(0.20)
Adjustments to reconcile profit before tax to net cash flows:		
Profit from mutual funds	(1.06)	-
Interest on income tax	0.01	-
<b>Operating profit before working capital changes</b>	<b>0.37</b>	<b>(0.20)</b>
Movements in working capital :		
Increase in other liabilities & Provisions	(0.54)	0.49
Cash generated from / (used in) operations	(0.17)	0.29
(Direct taxes paid) / Refunds	(0.02)	-
<b>Net cash flow (used in) / from operating activities (A)</b>	<b>(0.19)</b>	<b>0.29</b>
<b>Cash flows from investing activities</b>		
Purchase of Mutual Funds	(41.70)	-
Sale of Mutual Funds	42.76	-
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>1.06</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	-	20.00
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>-</b>	<b>20.00</b>
<b>Net decrease in cash and cash equivalents (A + B)</b>	<b>0.87</b>	<b>20.29</b>
Cash and cash equivalents at the beginning of the period	20.29	-
<b>Cash and cash equivalents at the end of the period</b>	<b>21.16</b>	<b>20.29</b>

Summary of significant accounting policies 3  
The accompanying notes are an integral part of the financial statements

As per our report of even date

for *Padmanaban & Associates*  
Chartered accountants  
Firm's registration no. 008531S

*P. Jyothi*  
**P. Jyothi**  
Partner  
Membership No. 200554



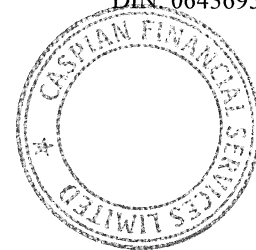
Place: Hyderabad  
Date: May 20, 2019

For and on behalf of the Board of Directors of  
**Caspian Financial Services Limited**

*Padmaja Gangireddy*  
**Padmaja Gangireddy**  
Director  
DIN: 00004842

*Abdul Feroz Khan*  
**Abdul Feroz Khan**  
Director  
DIN: 06436957

Place: Hyderabad  
Date: May 20, 2019



**CASPIAN FINANCIAL SERVICES LIMITED**

Statement of Changes in Equity for the year ended on March 31, 2019

**A. Equity Shares**

Equity Share of Rs. 10 each issued, subscribed and fully paid

(Rupees in millions unless otherwise stated)

Particulars	No. of Shares	Amount
As at April 1, 2018	2,000,000	20.00
Change in equity	-	-
As at March 31, 2019	2,000,000	20.00

**B. Other Equity**

(Rupees in millions unless otherwise stated)

Particulars	Share application money pending allotment	Equity component of compound	Reserves & Surplus					Debt Instruments through OCI	Equity Instruments through OCI	Effective Portion of cash flow hedges	revaluation Surplus	Money received against share warrants	Grand Total
			Statutory reserve	Capital reserve	Securities Premium	Other Reserves	Retained Earnings						
Balance as at April 01, 2018	-	-	-	-	-	-	(0.25)	-	-	-	-	-	(0.25)
Profit for the year	-	-	-	-	-	-	1.08	-	-	-	-	-	1.08
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	<b>0.83</b>	-	-	-	-	-	<b>0.83</b>
<b>Balance as at March 31, 2019</b>	-	-	-	-	-	-	<b>0.83</b>	-	-	-	-	-	<b>0.83</b>

As per our report of even date  
For Padmanaban & Associates  
Chartered accountants  
Firm's registration no. 008531S

*P. Jyothi*  
P. Jyothi  
Partner  
Membership No. 200554

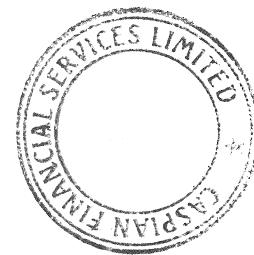
For and on behalf of the Board of Directors of  
Caspian Financial Services Limited

*Padma Gangireddy*  
Padma Gangireddy  
Director  
DIN: 00004842

*Abdul Feroz Khan*  
Abdul Feroz Khan  
Director  
DIN: 06436957

Place: Hyderabad  
Date: May 20, 2019

Place: Hyderabad  
Date: May 20, 2019



# CASPIAN FINANCIAL SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2019

(Rupees in millions unless otherwise stated)

## 1. Corporate information

Caspian financial services limited or (“the Company”) was incorporated on 13th October, 2017, under the Companies Act 2013. The main objective of the Company to carry on the business of lending and advancing money, giving credits, on any terms and with or without collateral security to any person, firm, company, body corporate, trust, Individual, Association of persons, households, small and medium enterprises, small scale industries, farmers, etc. by providing loans of any type such as personal, business, corporate, income generation, consumption, consumer, Infrastructure development, housing, agriculture and commodity financing, purchase of machinery, etc. on such terms as may be determined from time to time.

## 2. Basis of preparation

### a) Statement of compliance in preparation of financial statements

The financial statements as at and for the year ended March 31, 2019 have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

### b) Basis of measurement

The financial statements have been prepared as per historical cost convention, except for investments in equity instruments of other companies (other than subsidiary) and mutual funds measured at fair value.

### c) Functional and presentation currency

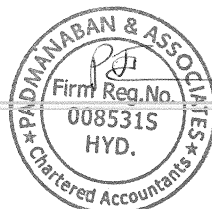
The financial statements are presented in Indian rupee, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

## 3. Significant accounting policies

### a) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:



**i) Fair value measurement:**

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

**ii) Other estimates:**

These include contingent liabilities, useful lives of tangible and intangible assets etc.

**b) Revenue recognition**

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

**c) Income taxes**

*Current Taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

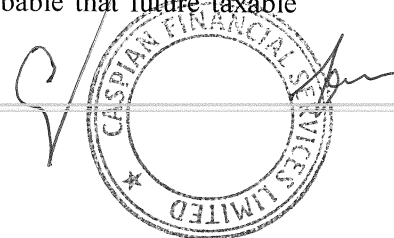
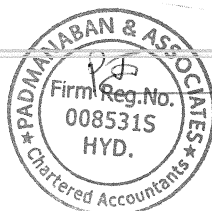
*Deferred Taxes*

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are 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 utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

*Minimum Alternate Tax (MAT)*

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

**d) Provisions and contingent liabilities**

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount for the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

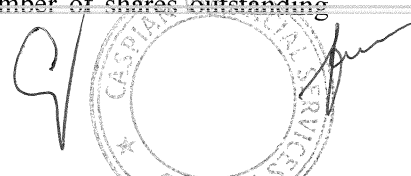
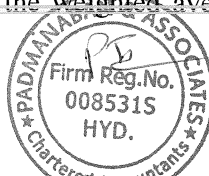
**e) Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that any assets forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

**f) Earnings per share (EPS)**

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the 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 of shares outstanding



## CASPIAN FINANCIAL SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2019

(Rupees in millions unless otherwise stated)

during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### g) Fair value measurement

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

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

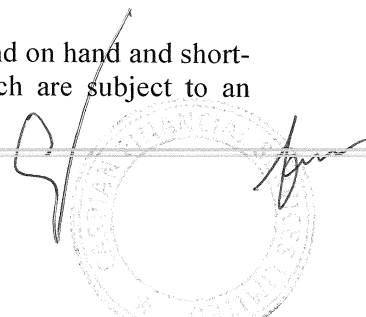
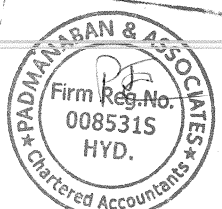
Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- *Level 3 financial instruments* - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

### h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



**CASPIAN FINANCIAL SERVICES LIMITED**  
Notes to financial statements for the year ended March 31, 2019


*(Rupees in millions unless otherwise stated)*

**i) Cash flow statement**

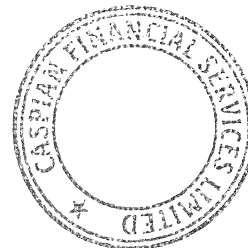
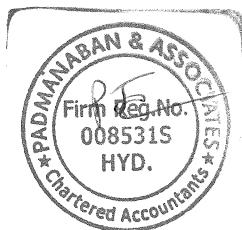
The cash flow statement is prepared as per the “Indirect Method” set out in Indian Accounting Standard (Ind AS-7) “Cash Flow Statements” and presents the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

**For and on behalf of the Board of Directors of  
Caspian Financial Services Limited**

  
**Padmaja Gangireddy**  
Director  
DIN: 00004842

  
**Abdul Feroz Khan**  
Director  
DIN: 06436957

Place: Hyderabad  
Date: May 20, 2019

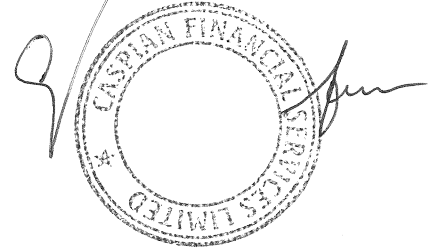
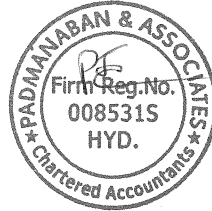




**CASPIAN FINANCIAL SERVICES LIMITED**  
**Financial Statements for the year ended March 31, 2019**

*(Rupees in millions unless otherwise stated)*

	31-Mar-19	31-Mar-18
<b>4 Cash and Cash Equivalents</b>		
Balances with banks		
On current accounts	21.16	-
Other bank balances	-	20.29
	<b>21.16</b>	<b>20.29</b>
<b>5 Current Tax Liabilities (net)</b>		
Provision for tax (net of advance tax)	0.30	0.02
	<b>0.30</b>	<b>0.02</b>
<b>6 Other Non Financial Liabilities</b>		
Expenses payable	0.03	0.52
	<b>0.03</b>	<b>0.52</b>



CASPIAN FINANCIAL SERVICES LIMITED  
Financial Statements for the year ended March 31, 2019

(Rupees in millions unless otherwise stated)

	31-Mar-19 (Rupees)	31-Mar-18 (Rupees)
<b>7 Share capital</b>		
<i>Authorized</i>		
<b>Equity shares</b>		
5,000,000 (March 31, 2018: 5,000,000) equity shares of Rs.10 each	50.00	50.00
<i>Issued, subscribed and paid-up</i>	<u>50.00</u>	<u>50.00</u>
<b>Equity shares</b>		
2,000,000 (March 31, 2018: 2,000,000) equity shares of Rs.10 each fully paid up	20.00	20.00
	<u>20.00</u>	<u>20.00</u>

(a) **Terms / rights attached to equity shares**

The Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Rupees in millions unless otherwise stated)

(b) **Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period / year:**

Particulars	31-Mar-19		31-Mar-18	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the period / year	20,00,000	20.00	-	-
Issued during the period / year	-	-	20,00,000	20.00
Outstanding at the end of the period / year	<u>20,00,000</u>	<u>20.00</u>	<u>20,00,000</u>	<u>20.00</u>

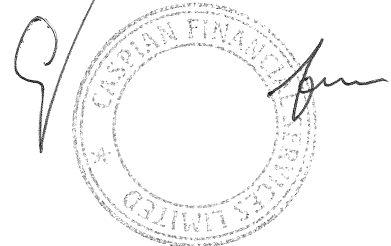
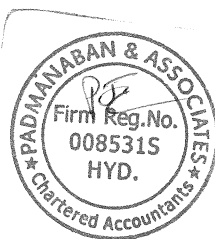
(c) **Details of shareholders holding more than 5% equity shares in the Company:**

Name of the shareholder	31-Mar-19		31-Mar-18	
	Number of shares	% of holding	Number of shares	% of holding
<b>Equity shares</b>				
Spandana Sphoorty Financial Limited	20,00,000	100.00%	20,00,000	100.00%

**8 Other Equity**

(Rupees in millions unless otherwise stated)

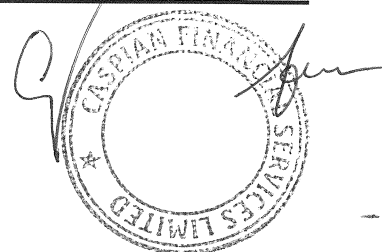
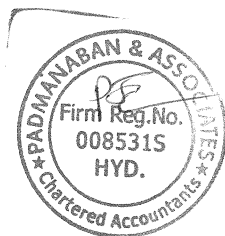
	31-Mar-19 (Rupees)	31-Mar-18 (Rupees)
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	(0.25)	0.00
Add: Profit / (loss) for the period / year after tax	1.08	(0.25)
<b>Net Surplus / (deficit) in the statement of profit and loss</b>	<u>0.83</u>	<u>(0.25)</u>
<b>Total reserves and surplus</b>	<u>0.83</u>	<u>(0.25)</u>



**CASPIAN FINANCIAL SERVICES LIMITED**  
**Financial Statements for the year ended March 31, 2019**

*(Rupees in millions unless otherwise stated)*

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>9 Interest Income</b>		
Interest on fixed deposits	0.41	0.32
	<b>0.41</b>	<b>0.32</b>
<b>10 Finance Cost</b>		
Interest		
On income tax	0.01	-
Bank Charges	0.00	0.00
	<b>0.01</b>	<b>0.00</b>
<b>11 Other expenses</b>		
Pre-incorporation expenses	-	0.50
Auditors remuneration	0.04	0.01
Other Expenses	0.00	
	<b>0.04</b>	<b>0.51</b>



12. Earnings per share (EPS)

Particulars	31-Mar-19	31-Mar-18
Net profit/ (loss) after tax as per Statement of Profit and Loss	1.08	(0.25)
<b>Net profit/ (loss) for calculation of basic earnings per share</b>	<b>1.08</b>	<b>(0.25)</b>
<b>Net profit/ (loss) for calculation of diluted earnings per share</b>	<b>1.08</b>	<b>(0.25)</b>
Weighted average number of equity shares in calculating basic EPS	2.00	2.00
<b>Effect of dilution</b>	<b>0.00</b>	<b>0.00</b>
Weighted average number of equity shares in calculating diluted EPS	2.00	0.57
Basic earnings per share	<b>0.54</b>	<b>(0.13)</b>
Diluted earnings per share	<b>0.54</b>	<b>(0.44)</b>
Nominal value per share: Rs.10 (Previous year: Rs.10)		

13. Related Parties transactions during the period:

**Holding Company**

Spandana Sphoorty Financial Limited

**Related party transactions during the period / year:**

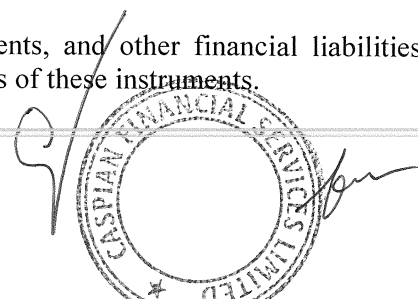
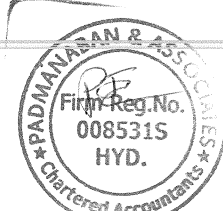
Sr. No	Name of the related party	Nature of transactions	31-Mar-19		31-Mar-18	
			Transactions during 2018-19	(Payable)/ Receivable	Transactions during 2017-18	(Payable)/ Receivable
1	Spandana Sphoorty Financial Limited	Advance repaid / taken	0.51	Nil	0.51	(0.51)

14. Fair Value

The carrying value and fair value of financial instruments by categories are as below:

Particulars	Carrying Value		Fair Value	
	March-19	March -18	March-19	March -18
<b>Financial Assets – Current</b>				
Cash and cash equivalents	21.16	20.29	21.16	20.29
<b>Total Financial Assets</b>	<b>21.16</b>	<b>20.29</b>	<b>21.16</b>	<b>20.29</b>

The management assessed that fair values of cash and cash equivalents, and other financial liabilities approximates their carrying amounts largely due to short –term maturities of these instruments.



### 15. Capital Management:

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

for *Padmanaban & Associates*  
Chartered accountants  
Firm's registration no. 008531S

P. Jyothi



**P. Jyothi**

Partner

Membership No. 200554

Place: Hyderabad

Date: May 20, 2019

For and on behalf of the Board of Directors of  
Caspian Financial Services Limited

Padmaja Gangireddy

Director

DIN: 00004842

Place: Hyderabad

Date: May 20, 2019

Abdul Feroz Khan

Director

DIN: 06436957

