

SAMBANDH FINSERVE PRIVATE LIMITED
Plot No O 4/9, Civil Township
Panposh, Area 7 & 8, Rourkela- 769004, Odisha
Balance Sheet as at 31 March, 2023

(Amount in 000')

Particulars	Note No.	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
1	2	3	4
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	319,468.54	319,468.54
(b) Reserves and surplus	4	(4,104,410.41)	(3,640,144.99)
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	3,353,468.33	3,353,468.33
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	6	454,293.16	1,320.78
4 Current liabilities			
(a) Short-term borrowings	7	-	-
(b) Trade payables		-	-
(c) Other current liabilities	8	955,314.26	498,937.20
(d) Short-term provisions	9	28,485.04	495,125.25
TOTAL		1,006,618.92	1,028,175.11
II. ASSETS			
Non-current assets			
1 (a) Property, Plant and Equipment and Intangible Assets	10		
(i) Property, Plant and Equipment		5,188.57	9,792.15
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	23	121,112.44	123,397.32
(d) Long-term loans and advances	11	454,693.35	1,215.38
(e) Other non-current assets	12	4.28	17.90
2 Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	13	271,482.35	286,909.00
(e) Short term loans and advances	14	40,880.31	498,874.79
(f) Other current assets	15	113,257.62	107,968.57
TOTAL		1,006,618.92	1,028,175.11

1. Notes to financial statements (Including significant accounting policies)
2. The notes referred to above form an integral part of the Financial Statements.
3. This is the Balance Sheet referred to in our report of even date.

For **BAPS & Associates**
Chartered Accountants
Firm Regn. No. 117119W

CA. Dr. Prithvi R. Parhi
Partner

Membership No. 063639

UDIN: 23063639BGWIAH6712

Place: Bhubaneswar

Date: July 27, 2023



For and on behalf of the Board of Directors

Akshaya Kumar Parhi.
Akshaya Kumar Parhi
Director, DIN: 08630665

Anadi Charan Sahu
Administrator

Girish Kumar Meher
Director, DIN: 08710330

Arvind Tuty
Manager Accounts

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SAMBANDH FINSERVE PRIVATE LIMITED
Plot No O 4/9, Civil Township
Panposh, Area 7 & 8, Rourkela- 769004, Odisha
Statement of Profit & loss for the Year ended 31 March, 2023

(Amount in 000')

Particulars	Note No.	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
I. Revenue From Operations	16	171.02	9,616.52
II. Other income	17	11,798.34	12,690.50
III. Total Revenue (I + II)		11,969.36	22,307.02
IV. Expenses:			
Cost of materials consumed		0.00	0.00
Purchases of Stock-in-Trade		0.00	0.00
Changes in inventories of:			
finished goods		0.00	0.00
work-in-progress and Stock-in-Trade		0.00	0.00
Employee benefits expense	18	8,828.54	12,575.20
Finance costs	19	456,929.07	488,393.60
Depreciation and amortization expense	20	1,352.82	2,157.48
Provision for Loan loss	21	(2,637.05)	88,217.04
Other expenses	22	9,776.97	22,176.44
Total expenses		474,250.35	613,519.76
V. Profit before exceptional and extraordinary items and tax (III-IV)		(462,280.99)	(591,212.74)
VI. Exceptional items		0.00	0.00
VII. Profit before extraordinary items and tax (V - VI)		(462,280.99)	(591,212.74)
VIII. Extraordinary Items		0.00	0.00
IX. Profit before tax (VII- VIII)		(462,280.99)	(591,212.74)
X. Tax expense:			
(1) Current tax		0.00	0.00
(3) Deferred tax	23	(2,284.87)	(21,757.22)
XI. Profit/(Loss) for the period from continuing operations (IX - X)		(464,565.87)	(569,455.52)
XII. Profit/(loss) from discontinuing operations		0.00	0.00
XIII. Tax expense of discontinuing operations		0.00	0.00
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		0.00	0.00
XV. Profit (Loss) for the period (XI + XIV)		(464,565.87)	(569,455.52)
Add/(Less): Excess/Short Provision for Income tax for earlier year		0.00	0.00
Add/(Less): Differed tax for earlier year		0.00	0.00
Add: Prior Period Income		0.00	0.00
		(464,565.87)	(569,455.52)
(C) Special Reserve under 45IC of RBI Act,1934:-		0.00	0.00
20% Profit/ loss (XV)		0.00	0.00
Preference Dividend		0.00	0.00
Provision for dividend Tax(U/s-115-O)		0.00	0.00
Profit/ Loss transferred to Reserve & surplus		(464,565.87)	(569,455.52)
XVI. Earnings per equity share:			
Basic & Diluted		(0.01)	(0.00)

- Notes to financial statements (Including significant accounting policies)
- The notes referred to above form an integral part of the Financial Statements.
- This is the Statement of Profit and Loss referred to in our report of even date.

For **BAPS & Associates**
Chartered Accountants
Firm Regn. No. 117119W

CA. Dr. Prithvi R. Parhi
Partner

Membership No. 063639
UDIN: 23062639B0VIAH0142

Place: Bhubaneswar

Date: July 27, 2023



For and on behalf of the Board of Directors

Akshaya Kumar Parhi
Akshaya Kumar Parhi
Director, DIN: 08630665

Anadi Charan Sahu
Administrator

Girish Kumar Meher
Director, DIN: 08710330

Arbind Tuty
Manager Accounts

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SAMBANDH FINSERVE PRIVATE LIMITED
Plot No O 4/9, Civil Township
Panposh, Area 7 & 8, Rourkela- 769004, Odisha

Cash Flow Statement as at 31 March 2023

(Amount in 000')

Particulars	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
Cash Flow from Operating Activities		
Profit Before Tax	-462280.99	-591212.74
Add: Depreciation	1352.82	2157.48
Less: Interest Income	10110.97	11997.95
Add: Fixed Assets Written off	3637.80	2513.89
Add: Interest Expenses	456929.07	488393.60
Changes in Current Asset		
Less/Add: Reduction/Increase in Other Current Liabilities	-456377.06	-484900.76
Add: Increase In Provision	-13667.83	88051.79
Less: Increase In Other current Asset	5289.05	-225480.68
Add/Less: Decrease/Increase in loans and advances	4516.52	112375.86
Less: Income tax paid		
Net cash from operating activities	431464.44	800663.36
Cash flow from Investing Activities		
Add: Interest Received	10110.97	11997.95
Less: Asset Purchased	86.59	23.74
Add: Decrease in other Non current Asset	13.61	98.10
Net cash used in investing activities	10037.99	12072.32
Cash Flow From Financing Activities		
Interest Expenses	456929.07	488393.60
Proceeds from Long term borrowing	-	-489342.67
Less: Redemption of share capital	-	-
Add: Proceeds some issue of share Capital	-	-
Less: Dividend & Dividend tax	-	-
Net cash used in financing activities	-456929.07	-977736.27
Net increase in cash and cash equivalents	-15426.65	-165000.59
Cash and cash equivalents at beginning of period	286909.00	488086.25
Cash and cash equivalents at end of period	271482.35	323085.66

Explanations:

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3(AS 3) "Cash Flow Statements" notified by the Central Government under the Companies (Accounting Standards) Rules,2006.
- Previous year's figures have been regrouped/reclassified, wherever considered necessary, to make it comparable with current year's figures.
- This is the Cash Flow Statement referred to in our report of even date.

For BAPS & Associates

Chartered Accountants
(Firm Regn. No. 117119W)

Prithvi R. Parhi
CA. Dr. Prithvi R. Parhi
Partner

Membership No. 063639
UDIN: 23063639B6V1HA6112

Place :Bhubaneswar

Date: July 27, 2023



For and on behalf of the Board of Directors

Akshaya Kumar Parhi
Akshaya Kumar Parhi
Director, DIN: 08630665

Anadi Charan Sahu
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Administrator

Girish Kumar Meher
Girish Kumar Meher
Director, DIN: 08710330

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Manager Accounts

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SAMBANDH FINSERVE PRIVATE LIMITED
Plot No O 4/9, Civil Township
Panposh, Area 7 & 8, Rourkela- 769004, Odisha

(Amount in 000')

Note 3	Schedules to Financial Statement : Share Capital	Figure as at the end of Current Reporting period		Figure as at the end of Previous Reporting period	
		Number	(Amount in 000')	Number	(Amount in 000')
		Authorised			
	Equity Shares of Rs.10/- each	42000.00	420000.00	42000.00	420000.00
	Preference shares of Rs.10/- each	8000.00	80000.00	8000.00	80000.00
	TOTAL	50000.00	500000.00	50000.00	500000.00
Issued					
	Equity Shares of Rs.10/- each	31946.85	319468.54	31946.85	319468.54
	Preference shares of Rs.10/-each	-	-	0.00	0.00
	TOTAL	31946.85	319468.54	31946.85	319468.54
Subscribed & Fully Paid-up					
	Equity Shares of Rs.10/- each	31946.85	319468.54	31946.85	319468.54
	Preference shares (NCRPS) of Rs.10/-each	-	-	-	-
Subscribed but not fully Paid up					
	Equity Shares of Rs.10/-each	-	-	-	-
	Preference shares of Rs.10/- each	-	-	-	-
	TOTAL	31946.85	319468.54	31946.85	319468.54

Note 3-a	Particulars	Equity Shares			
		Figure as at the end of Current Reporting period		Figure as at the end of Previous Reporting period	
		Number	(Amount in 000')	Number	(Amount in 000')
	Shares outstanding at the beginning of the period	31946.85	319468.54	31946.85	319468.54
	Shares issued during the period	-	-	-	-
	Shares outstanding at the end of the period	31946.85	319468.54	31946.85	319468.54
Particulars	Preference Shares				
	Figure as at the end of Current Reporting period		Figure as at the end of Previous Reporting period		
	Number	(Amount in 000')	Number	(Amount in 000')	
	Shares outstanding at the beginning of the period	3000.00	30000.00	3000.00	30000.00
	Shares issued during the period	-	-	-	-
	Shares Redeemed during the period	-	-	-	-
	Shares o/s at the end of the period	3000.00	30000.00	3000.00	30000.00

Note 3-b	Name of Shareholder	Preference Shares			
		Figure as at the end of Current Reporting period		Figure as at the end of Previous Reporting period	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Scient Capital Pvt. Ltd.- Non Convertible Redeemable Cumulative Preference Shares (NCRCPs)	-	-	-	-
	TOTAL	-	-	-	-

Shareholders holding more than 5% of Equity Share capital					
Name of Shareholder	Equity Shares				
	Figure as at the end of Current Reporting period		Figure as at the end of Previous Reporting period		
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	
Mr. Deepak Kindo	3971.93	12.43	3971.93	12	
Mr. Livinus Kindo	1508.13	4.72	1508.13	5	
Mrs. M. M. Kindo	1470.78	4.60	1470.78	5	
Friends of Sambandh Trust	2250.00	7.04	2250.00	7	
BOPA Pte Ltd.	11828.86	37.03	11828.86	37	
Dia Vikas Capital Private Limited	8080.27	25.29	8080.27	25	
SIDBI	2836.88	8.88	2836.88	9	
TOTAL	31,946.85	100.00	31946.85	100	

Note 4	Reserves & Surplus	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	a. Securities Premium Account		
	Opening Balance	270316.47	270316.47
	Add : Additions on Issue of Shares	-	-
	Less : Premium Utilised	-	-
	Closing Balance	270316.47	270316.47
	b. Surplus		
	Opening balance	-3972802.58	-3403347.07
	(+) Net Profit/(Net Loss) For the current period	-464565.87	-569455.52
	(+) Transfer from Reserves	-	-
	(-) Income Tax Adjustment	-	-
	(-) Dividend Tax Adjustment	-	-
	(-) Proposed Dividends	-	-
	(-) Dividends Tax	-	-
	(-) Capital redemption Reserve	-	-
	(-) Transfer to Reserves(u/s.45(C)-RBI)	-	-
	Closing Balance	-4437368.45	-3972802.58
	c. Capital Redemption Reserve		
	Opening Balance	30000.00	30000.00
	Add: Transferred from Current year profit	-	-
	Less: Adjustment	-	-
	Closing Balance	30000.00	30000.00



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d.Revaluation Reserve		
Opening Balance	-	-
Add: Revaluation from current year	300.45	-
Less: Adjustment	-	-
	300.45	-
e. Reserve Fund		
Opening Balance	32341.12	32341.12
(+) Current period Transfer	-	-
(-) Written back in Current period	-	-
Closing Balance	32341.12	32341.12
TOTAL	-4104410.41	-3640144.99

Note 5

Long Term Borrowings	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
	(Amount in 000')	(Amount in 000')
(i) Secured Loans:		
Banks	1107567.09	1107567.09
Financial Institutions	2065901.24	2065901.24
(ii) Unsecured loans		
Banks	130000.00	130000.00
Financial Institutions	50000.00	50000.00
TOTAL	3353468.33	3353468.33

Note No-5.1 Details of term loan as on 31.03.2023

Particular	Security	Current (Amount in 000')	Non-Current (Amount in 000')	Repayment Term (Installment)	Terminal date
Axis Bank Ltd PLI - I	Receivables out of the loans availed	-	24330.81	Monthly	
Bandhan Bank Ltd. TL-3	Receivables out of the loans availed	-	38356.55	Monthly	
Canara Bank TL No. 2	Receivables out of the loans availed	-	35130.71	Monthly	
Canara Bank TL No. 3	Receivables out of the loans availed	-	16908.00	Monthly	
Canara Bank TL No. 4	Receivables out of the loans availed	-	37038.03	Monthly	
DCB BANK TL-01	Receivables out of the loans availed	-	53402.10	Monthly	
Fincare SFB TL- 01	Receivables out of the loans availed	-	17970.63	Monthly	
Fincare SFB TL - 02	Receivables out of the loans availed	-	24359.15	Monthly	
Fincare SFB TL-03	Receivables out of the loans availed	-	39134.64	Monthly	
ICICI Bank TL. 01	Receivables out of the loans availed	-	121156.27	Monthly	
State Bank Of India- TL-2	Receivables out of the loans availed	-	23322.21	Monthly	
SIDBI - TL 1	Receivables out of the loans availed	-	91666.74	Monthly	
SIDBI - TL 2	Receivables out of the loans availed	-	250754.83	Monthly	
UCO Bank Loan No -4	Receivables out of the loans availed	-	42450.01	Monthly	
UCO Bank Loan No-5	Receivables out of the loans availed	-	119373.05	Monthly	
Yes Bank Ltd - TL 02	Receivables out of the loans availed	-	3539.44	Monthly	
Yes Bank Ltd. - TL-02(B)	Receivables out of the loans availed	-	10749.76	Monthly	
MUDRA Limited TL-01	Receivables out of the loans availed	-	54514.00	Monthly	
MUDRA Limited TL-02	Receivables out of the loans availed	-	63258.75	Monthly	
IDBI BANK LTD.	Receivables out of the loans availed	-	37643.05	Monthly	
Frankfurt SFS	Receivables out of the loans availed	-	138195.67	Monthly	
Ananya FIG Pvt. Ltd. TL-24	Receivables out of the loans availed	-	1000.00	Monthly	
Ananya FIG Pvt. Ltd. TL-25	Receivables out of the loans availed	-	8000.00	Monthly	
Ananya FIG Pvt. Ltd. TL-26	Receivables out of the loans availed	-	4000.00	Monthly	
Ananya FIG Pvt. Ltd. TL-27	Receivables out of the loans availed	-	4833.33	Monthly	
Ananya FIG Pvt. Ltd. TL-28	Receivables out of the loans availed	-	14500.00	Monthly	
Ananya FIG Pvt. Ltd. TL-29	Receivables out of the loans availed	-	21418.71	Monthly	
Annapurna Finance Pvt Ltd. TL-01	Receivables out of the loans availed	-	45000.00	Monthly	
Capital First Pvt. Ltd. TL- 1	Receivables out of the loans availed	-	13746.96	Monthly	
Capital First Pvt. Ltd. TL- 2	Receivables out of the loans availed	-	80594.69	Monthly	
Easy Home Finance Ltd - TL 1	Receivables out of the loans availed	-	6373.09	Monthly	
Eclear Leasing & Finance Pvt. Ltd- TL-1	Receivables out of the loans availed	-	9896.32	Monthly	
Eclear Leasing & Finance Pvt. Ltd- TL-2	Receivables out of the loans availed	-	12709.57	Monthly	
Electronica Finance Ltd: TL-01	Receivables out of the loans availed	-	14408.20	Monthly	
Electronica Finance Ltd: TL-02	Receivables out of the loans availed	-	26012.07	Monthly	
Grameen Impact Investment India Pvt Ltd TL-01	Receivables out of the loans availed	-	18500.00	Monthly	
Hinduja Leyland Finance Limited PLI-II	Receivables out of the loans availed	-	77250.00	Monthly	
Hinduja Leyland Finance Limited PLI-III	Receivables out of the loans availed	-	78372.81	Monthly	
Incred Financial Services Ltd. TL-2	Receivables out of the loans availed	-	69851.61	Monthly	
Maanaveeya D & F Pvt Ltd. TL-03	Receivables out of the loans availed	-	50000.00	Monthly	
Maanaveeya D & F Pvt. Ltd. TL- 1	Receivables out of the loans availed	-	50355.35	Monthly	
Maanaveeya D & F Pvt. Ltd. TL- 2	Receivables out of the loans availed	-	30501.49	Monthly	
Manappuram Finance Limited TL-02	Receivables out of the loans availed	-	9166.66	Monthly	
Manappuram Finance Limited TL-03	Receivables out of the loans availed	-	32093.93	Monthly	
MAS Financial Services Ltd. TL-36 A	Receivables out of the loans availed	-	-	Monthly	
MAS Financial Services Ltd. TL-37 A	Receivables out of the loans availed	-	1260.00	Monthly	
MAS Financial Services Ltd. TL-38A	Receivables out of the loans availed	-	2166.67	Monthly	
MAS Financial Services Ltd. TL-39A	Receivables out of the loans availed	-	6650.01	Monthly	
MAS Financial Services Ltd. TL-40A	Receivables out of the loans availed	-	8166.67	Monthly	
MAS Financial Services Ltd. TL-41A	Receivables out of the loans availed	-	8166.67	Monthly	
Mas Financial Services Ltd. TL-42A	Receivables out of the loans availed	-	15576.16	Monthly	
Mas Financial Services Ltd. TL-43 A	Receivables out of the loans availed	-	18376.17	Monthly	
Mas Financial Services Ltd. TL-44 A	Receivables out of the loans availed	-	13125.83	Monthly	
Mas Financial Services Ltd. TL-44B	Receivables out of the loans availed	-	14167.50	Monthly	
MAS Financial Services Ltd TL- 45A	Receivables out of the loans availed	-	15209.16	Monthly	
MAS Financial Services Ltd TL- 45B	Receivables out of the loans availed	-	15209.16	Monthly	
MAS Financial Services Ltd. TL-46A	Receivables out of the loans availed	-	13834.00	Monthly	
MAS Financial Services Ltd. TL-46B	Receivables out of the loans availed	-	17292.50	Monthly	
MAS Financial Services Ltd. TL-47A	Receivables out of the loans availed	-	13000.67	Monthly	
MAS Financial Services Ltd. TL-47B	Receivables out of the loans availed	-	17292.50	Monthly	
MAS Financial Services Ltd. TL-48 A	Receivables out of the loans availed	-	39969.85	Monthly	
Muthoot Capital Services Limited TL-03	Receivables out of the loans availed	-	45833.33	Monthly	
NABARD Financial Services Ltd. TL-3	Receivables out of the loans availed	-	5238.66	Monthly	
NABARD Financial Services Ltd. TL-4	Receivables out of the loans availed	-	41038.30	Monthly	
Nabkisan Finance Ltd TL-01	Receivables out of the loans availed	-	61622.35	Monthly	



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Note 9	Short Term Provisions	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Provision for Audit Fees	300.00	455.00
	Provision for Bonus	756.80	6642.20
	Provision for Gratuity	8973.39	13963.77
	Provision for Taxes	18331.18	18331.18
	Provision for Preference share Dividend	-	-
	Provision for Dividend Tax	-	-
	Provision for Short term loans & Advances	123.67	455733.10
	TOTAL	28485.04	495125.25

Note 11	Long-term Loans and Advances	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Assets Under Management	454817.16	460396.97
	Less: Managed	-	-
	Own portfolio	454817.16	460396.97
	Product name:-	As on 31st March 2023	
		Current	Non-Current
	Saral-Dummy	-	409228.79
	Saral-Actual	-	105.81
	WATSAN	97.97	3369.52
	MBL	-	58.31
	MSME	25.84	41930.92
	House Improvement Loan	123.81	454693.35
	Non Current Loans and Advances	454693.35	1215.38

Note 12	Other Non Current Assets	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Preliminary Expenses	4.28	17.90
	Vehicle Contribution to Staff	-	-
	TOTAL	4.28	17.90

Note 13	Cash and Bank equivalents	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Cash in Hand	272.27	276.12
	Cash at Bank	2910.08	4532.88
	FD and Cash Reserves		
	Cash Collateral	-	-
	FD against Security/Guarantee	-	-
	FLDG	-	-
	Free FD	268300.00	282100.00
	TOTAL	271482.35	286909.00

Note 14	Short term Loan and Advances	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Staff Loan Receivable	1360.89	1362.34
	Advance to Branch	-	-
	Advance to Staff	284.85	212.25
	Advance Income-Tax	37568.30	36556.16
	Advances for Expenses	1542.46	1562.46
	TOTAL	40756.50	39693.20
	Loans and Advances less than One year	123.81	459181.59
	GRAND TOTAL	40880.31	498874.79

Note 15	Other Current Assets	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Accrued Interest Receivable from Bank/FI's	9923.43	5772.17
	Accrued Interest Receivable from Loan	1850.57	1860.72
	Accrued Commission Receivable From BC Operations	8865.08	8865.08
	GST input credit	1647.12	1453.18
	Security Deposit	656.92	692.92
	Other Receivables	53137.85	53147.85
	Cash Collateral	1317.91	1317.91
	FD against Security/Guarantee	2786.76	2786.76
	First Loan Default Guarantee(FLDG)	33072.00	32072.00
	TOTAL	113257.62	107968.57

Note 16	Revenue from Operations	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Commission Received From BC Operations	171.02	9616.52
	Interest collected from Loan	-	-
	Loan Processing Fees on Loan	-	-
	Income from Securitization	-	-
	Income From Partnership model	-	-
	Facilitation Fees Received	-	-
	TOTAL	171.02	9616.52



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Note 17	Other Income	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	(A) Income from Investments:-		
	Bank FD	9665.02	10071.30
	TOTAL(A)	9665.02	10071.30
	(B) Other Miscellaneous Income:-		
	Commission Received	23.88	59.08
	Bank Interest	-	-
	Interest on Staff Loan	0.00	21.21
	Baddebt Recovery	255.02	-
	Interest on FD/FLDG/Cash reserve	445.95	1905.44
	Other Received	1408.48	633.48
	TOTAL(B)	2133.32	2619.20
	GRAND TOTAL(A+B)	11798.34	12690.50

Note 18	Employee Benefits Expenses	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Salary, Wages & Stipend	8134.08	11669.18
	Bonus	28.66	64.16
	Gratuity	226.12	183.09
	Staff Welfare	6.82	-
	Contribution to Provident Fund, ESI & Other expenses	432.86	658.77
	TOTAL	8828.54	12575.20

Note 19	Financial Cost	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Processing Fees paid	-	-
	Interest on Borrowings	456929.07	488393.60
	Other Cost	-	-
	TOTAL	456929.07	488393.60

Note 20	Depreciation & Amortisation:-	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Depreciation on Fixed Assets	1352.82	2157.48
	TOTAL	1352.82	2157.48

Note 21	Portfolio	Aging	Rate-RBI Norm	Outstanding	Rate Applied	Provision
		Standard	0-89 Days	-	514.04	-
	Sub-Standard	90-179Days	0.50	0.00	0.50	0.00
	Doubtful	180 & above Days	1.00	454303.12	1.00	454303.12
	Total:			454817.16		454303.12
	1% of Loan outstanding					4548.17
	Provision required (Higher of above two as per NBFC-MFI Master Circular Dt. July 1,2013)					454303.12
	Contingent provisions against standard Assets (0.25%) as per RBI					113.71
	Provision made for the period				457053.88	454416.83
	Opening Balance in Loan Loss Reserve as on 01/04/2022				-	-
	Less: Bad Debt (Loan write off this year)				-	-
	Closing Balance of Existing Provision				-	457053.88
	New Provision made at 31/03/2023				-	-2637.05
	Additional provision @5% on Outstanding				-	-

Note 22	Other Expenses	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
		(Amount in 000')	(Amount in 000')
	Statutory Audit Fees	125.00	125.00
	Tax Audit Fees	45.00	45.00
	Bank Charges	1.65	3.34
	Security Guard Expenses	234.00	235.44
	Software Expenses	29.73	35.73
	Telecommunication Charges	181.63	286.61
	Internal Audit Expenses	-	54.00
	Office Rent & Utilities	1207.07	1652.50
	Postage & Courier Charges	33.96	31.33
	Printing & Stationery	14.74	14.35
	Repair & Maintenance	567.72	867.30
	Insurance	9.95	77.14
	Donation	0.00	0.00
	Electricity Charges	152.82	217.10
	Impairment of Assets	1677.75	-
	Professional and Consultancy Fee	1382.62	3132.28
	Documentation Charges	21.10	250.32
	Rates & Taxes	459.08	1484.05
	Membership Fees	-	-



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Tour & Travelling Expenses	56.53	103.02
Office Expenses	523.76	250.55
ROC Expenses	25.80	28.60
Directors Sitting Fees	-	283.60
Miscellaneous Expenses	11.22	0.02
EPF Interest & Damages Charge	78.53	-
Storage Charges	124.85	171.51
Remuneration to Administrator	1771.29	2040.00
Remuneration to MIS	713.30	1128.00
Audit Fees for Recasting of FS-2019-20	150.00	-
Commission Paid- NOCPL	167.86	6207.59
Assets revaluation a/c	0.00	2513.89
Assets write off	-	888.19
Accounting Review & IFR Expenses	10.00	50.00
TOTAL	9776.97	22176.44

Note 23

Calculation Of Deferred Tax Assets for the year 2022-23	Figure as at the end of Current Reporting period	Figure as at the end of Previous Reporting period
	(Amount in 000')	(Amount in 000')
Opening Balance	123397.32	101640.10
Tax on Taxable Income	-2284.87	21757.22
Tax on Accountable Income	-	-
Permanent Difference	-2284.87	21757.22
Deferred Tax Assets for current year	121112.44	123397.32
Total Deferred Tax Assets Closing		



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SAMBANDH FINSERVE PRIVATE LIMITED
Plot No O 4/9, Civil Township
Panposh, Area 7 & 8, Rourkela- 769004, Odisha

Note - 10

SL No.	Block of Asset	Gross Block					Depreciation			Net Block		
		Opening Balance As On 1-4-2022	Addition During The Year	Revaluation Of Assets	Deletion /Sale During The Year	Closing Balance As On 31-3-2023	Opening Balance As On 1-4-2022	Addition During The Year	Deletion /Sale During The Year	Closing Balance As On 31-3-2023	WDV As On 31-3-2023	WDV As On 31-3-2022
TANGIBLE ASSETS												
1	Computer & Accessories	16584.63	-	-	344.88	16239.75	11499.45	1217.61	-	12717.06	3522.69	5085.19
2	Furniture & Fixture	4716.33	-	-	2073.35	2642.98	2083.43	31.01	-	2114.43	528.55	2632.90
3	Office Equipment	879.90	-	117.67	2.78	994.79	878.77	12.86	-	891.63	103.16	1.13
4	Motor Cycle	254.98	-	11.15	27.10	239.03	138.73	5.56	-	144.29	94.74	116.25
5	Vehicle (Tata Sumo)	-	-	-	-	-	-	-	-	-	-	-
6	Vehicle (XYLO)	-	-	-	-	-	-	-	-	-	-	-
7	Vehicle (Duster)	1137.25	-	-	-	962.60	1137.25	-	-	559.45	403.15	457.48
8	Tuv (Vehicle)	1435.10	-	-	-	196.06	977.62	54.33	-	472.50	-	-
9	Electrical Fitting	-	-	-	-	-	-	-	-	-	-	-
10	Inverter	133.40	-	63.57	0.90	-	62.16	7.42	-	69.58	126.48	71.23
11	Shed	-	-	-	-	-	-	-	-	-	-	-
12	Cycles	13.43	-	2.50	2.50	-	13.43	-	-	-	-	-
13	Mobile/LandPhone	1415.43	-	-	767.10	648.32	518.77	7.18	-	525.95	122.37	896.65
14	Signboard	-	-	-	-	-	-	-	-	-	-	-
15	Electrical Equipment	827.41	86.59	-	299.19	614.81	447.43	9.28	-	456.71	158.10	379.98
16	Air Conditioner (AC)	232.50	-	105.56	120.00	218.06	81.16	7.59	-	88.75	129.31	151.34
17	Isuzu Mu-X	591.75	-	-	-	591.75	591.75	-	-	-	-	-
	Sub Total	28222.10	86.59	300.45	3637.80	22756.41	18429.95	1352.82	2214.93	17567.85	5188.57	9792.15
INTANGIBLE ASSET												
18	Computer Software	4279.40	-	-	-	-	-	-	-	-	-	-
	Sub Total	4279.40	-	-	4279.40	4279.40	-	-	-	-	-	-
	Grand Total	32501.49	86.59	300.45	3637.80	22756.41	18429.95	1352.82	2214.93	17567.85	5188.57	9792.15
	Last Year	34991.64	23.74	-	2513.89	32501.49	16272.47	2157.48	-	18429.95	9792.15	14439.78



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Sambandh Finserve Private Limited
"O"-4/9, Civil Township, Rourkela

Significant Accounting Policies and Notes to Financial Statements

Since Notes on Accounts and Significant Accounting Policies form an integral part of the Profit & Loss Account for the period ended on 31st March, 2023 and Balance Sheet as on that date, it is pertinent to mention that an internal corporate fraud of high magnitude perpetrated in the Company which was detected during October 2020, and preliminary investigation carried out by E&Y which is been mentioned in its report dated November 25, 2020, also indicated about the fraud, financial irregularities as well as diversion of fund to related party and entity.

1. Corporate Information: -

Sambandh Finserve Private Limited (SFPL) was an Inclusive Financial Institution, registered as a Non-Banking Finance Company-Micro Finance Institution (NBFC-MFI) with the Reserve Bank of India was offering customized solutions in the areas of Inclusive Finance through its lending and financing solutions to the low-income, marginalized communities in its operating states. NBFC-MFI registration i.e., Certificate of Registration (CoR) has been surrendered to RBI on 17.09.2021 as the same was cancelled by RBI vide its letter dated September 16, 2021 due non fulfilling the Net Owned Fund and CRAR criteria as per the prescribed Norms Further the Central Bank has directed the company not to carry on the business of Non -Banking Financial Institutions and necessary resolutions have been passed by the Board in its meeting held on September 16,2021 for not to carry such business as directed by RBI.

2. Significant Accounting Policies: -

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on accrual basis under the historical cost convention.

Further, the Company follows the prudential norms for income recognition and provisioning for Non-Performing Assets as prescribed by the Reserve Bank of India for Non-Banking Financial Companies MFIs. Loans to customers outstanding at the close of the year are stated net of amount written off. The Company assesses all receivables for their recovery and accordingly provisions for non-performing assets are enhanced as considered necessary, based on past experience, emerging trends and estimates recovery performances.

The accounting policies adopted in the preparation of the financial statements are consistent to the extent possible to exhibit a true and fair view of the present state of affairs of the company with those adopted in the preparation of the financial statements in the previous year.



b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable to the extent possible with exception. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the years in which the results are known / materialize.

c) Property, Plant & Equipment's and Intangible Assets

Property, Plant & Equipment's and Intangible Assets are carried at cost, less accumulated depreciation/ amortization and impairment losses, if any. The cost of Property, Plant & Equipment's and Intangible Assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on Property, Plant & Equipment's and Intangible Assets after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

d) Cash Flow Statements

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

e) Revenue Recognition

The Company follows accrual basis of accounting with exception for its income and expenditure except income on assets classified as non-performing assets, which in accordance with the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies, is recognized on receipt basis. All book debts are either non performing or having no further EMI as on Mar 31st, 2023. Hence no accrued income has been considered. Complying to IRAC norms specified by RBI for NBFC MFI. Revenue from operation amounting to Rs. 1,71,019/- represent actual income.

▪ Income from Loans

Interest income on loan transactions is accounted for over the period of the contract by applying the interest rate implicit in such contracts. Service charges and stamp and documentation charges are recognized as income at the commencement of the contract.

▪ Income from Securitization /Assignment

In case of Securitization / assignments of receivables, the assets are de-recognized since all the rights, title and future receivable principal are assigned to the purchaser. The interest spread arising on Securitization/assignment is accounted over the residual tenor of the underlying assets.



f) Other Income

Interest income on Deposits with Banks and Financial Institutions is accounted on proportion accrual basis with exception.

g) Employee Benefits

▪ **Defined contribution plans**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

h) Borrowing Costs

Borrowing Costs include interest and amortization of other ancillary costs incurred in connection with borrowings. Costs incurred in connection with borrowing of funds to the extent not directly related to acquisition of a qualifying asset are charged to the Statement of Profit and Loss over the tenure of the loan. While preparing financial statements for the FY 2022-23, the entire financial cost has been charged to the Profit & Loss Account.

i) Investment

There is no investment as on March 31, 2023..

j) Depreciation

Depreciation has been provided for in the accounts on the basis of Straight line value method at the rates prescribed in Schedule –II of the Companies Act, 2013.

k) Taxes On Income

Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such



items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realize ability.

l) Contingent Liabilities & Provisions

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved, in line with provisions of Accounting Standard (AS) 29. Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not recognized but are disclosed in the notes to accounts. Provisions are recognized when the company has a legal/constructive obligation and on management discretion as a result of a past event, for which it is probable that cash out flow may be required and a reliable estimate can be made of the amount of the obligation.

m) Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to Accounts

24. Previous year figures are regrouped and rearranged where ever felt necessary for better presentation of Financial Statement.
25. The company has no loan portfolio exposure in the state of Andhra Pradesh and Telangana.
26. No loan was sanctioned / disbursed during the FY 2022-23 as the company has virtually stopped its NBFC activities from October, 2020 onwards and more importantly a resolution has been passed by the Board to stop the NBFC activities pursuant to the direction of the RBI while communicating the cancellation of the Certificate of Registration (CoR) on September 16, 2021.
27. Upfront fee is not more than 1% of the aggregate loan. However there was no collection on upfront fee in the current FY (2022-23).
28. The annual household income of each borrower does not exceed ₹ 1,25,000.00 in rural areas and ₹ 2,00,000.00 in urban and semi-urban areas. However, the Company has not given any loan during the current year after the Certificate of Registration was cancelled by Reserve Bank of India on September 16, 2021 and surrendered on September 17, 2021.
29. The loan size does not exceed ₹ 75,000.00 in the first cycle and ₹ 1,25,000 in the subsequent cycles. However, the Company has not given any loan during the current year after the Certificate of Registration was cancelled by Reserve Bank of India on September 16, 2021 and surrendered on September 17, 2021.
30. The total indebtedness of each borrower does not exceed ₹ 1,25,000; Provided that loan, if any availed towards meeting education and medical expenses shall be excluded while



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arriving at the total indebtedness of a borrower.

31. Tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 30,000 with prepayment without penalty. However no loan was sanctioned / disbursed during the FY 2022-23
32. There must be a minimum period of moratorium between the grant of the Loan and the due date of the repayment of the first instalment. The moratorium shall not be less than the frequency of repayment. However, no loan was sanctioned / disbursed during the FY 2022-23
33. The company does not charge in excess of the insurance premium and administrative charges from clients in compliance with IRDA guidelines. However, no insurance premium was collected during FY 2022-23.
34. The company does not charge any penalty for delayed payment of dues from clients because of prevailing practice in the MFI Sector.
35. The company does not charge any penalty for pre-settlement or pre-closure of loans from clients.
36. The company also does not take collateral security and margin / security deposit for its loans since inception. However, no loan was sanctioned / disbursed during the FY 2022-23.
37. On Dt. 22.08.2022, we have intimated and requested respective banks and lenders for confirmation of balance. followed by a reminder on dt. 15.09.2022, and also request for balance confirmation on Dt 05.04.2023 followed by reminder on Dt. 17.06.2023. However they are yet to confirm.
38. Cash collateral (Rs.0.13 cr) & FLDG(Rs. 3.31 cr) (First Loan Default Guarantee) totaling ₹ 3.44 crore appearing under the head Other current assets are with the respective party. We are yet to receive from the parties. Hence, the balances appearing.
39. The earlier management has undertaken DDUGKY in the state Chhattisgarh, Rajasthan, Bihar & Madhya Pradesh. The project could not be completed due to lock down announced for COVID 19 and subsequently in view of internal corporate fraud which took place in the company. In the absence of none compliance of sanction terms no amount can be recoverable from the respective state Govt. under these projects. Bank Guarantee for the above project of ₹27.86 Lakh stated in Note 15 (Other Current Assets) has not been given any treatment.
40. Depreciation has been on the basis of Straight line value method at the rates prescribed in Schedule -II of the companies Act, 2013. As the actual value could not be identified for the above assets. In the absence of Asset Register for the previous year details of the asset like original cost, wdv, depreciation etc. could not be incorporated in the new asset register maintained by the company.



However all the asset purchased in the current FY have been recorded with all relevant particulars as per the prescribed guidelines. The valuation for Assets has been made by the registered valuer and there was impairment of Assets of Rs 16.78 lakh and appreciation of assets of Rs 3 lakh. These assets are no more required by the company because of subdue operation. This valuation has been done only for disposal of the surplus unused assets. Notwithstanding the above, the appreciation amount of Rs.3 lakh of certain assets has been credited to a separate reserve account. The impairment of assets aggregating Rs. 16.78 lakh has been charged to P & L Account under the head "Other Expenses"

41. Interest on Borrowings after September, 2020 has not been provided on the ground that the Company is unable to pay the interest and the Lenders have formed a Joint Lenders Forum (JLF) for distribution of the available funds with the company. In this current financial year an interest on borrowings aggregating to ₹ 45.69 crore has been provided as per the suggestion of the statutory auditors.
42. The banker and LIC have deducted TDS on FDRs/FLDG and policy placed with them. Interest on FDs/FLDG aggregating ₹ 101.15 lakh as revealed from 26AS in respect of this has been treated as income in the current FY. Details as under.

As per 26AS FY 2022-23

Sr.no	Interest on FD/FLDG/Cash reserve	Interest	TDS
1	Bank Of Baroda FD	₹ 51,06,790.00	₹ 5,10,679.00
2	Bank Of India FD	₹ 45,45,481.00	₹ 4,54,549.00
3	ESAF Small Finance Bank FD	₹ 3,71,633.00	₹ 37,163.00
4	LIC Gratuity	₹ 16,576.29	₹ 2,318.00
5	SBI FD	₹ 74,316.00	₹ 7,432.00
Total		₹ 1,01,14,796.29	₹ 10,12,141.00

43. The margin for the MFI:

Calculation of Margin for FY 2022-23 (In ₹)				
Average monthly Outstanding	Funder	₹ 3,35,34,68,330	Average monthly Actual Portfolio Outstanding	₹ 45,66,53,903
FY-2022-23	Finance Cost	₹ 45,69,29,072	Interest Received	₹ 1,71,019

44. Employee Benefit

As per Accounting Standard 15 "Employee Benefits" the disclosure of Employee benefit, as defined in Accounting Standard are given below:

Bonus

An existing provision for Staff Bonus of ₹ 28,662/- for the FY 2022-23 is made which has been added to the previous Staff Bonus provision of ₹ 66.42 lakh made in the year 2021-22. The company has made bonus payment of ₹ 46.42 lakh in 2022-23 and bonus reverse entry of ₹ 12.72 lakh made after revised bonus calculation. Thus, a provision of ₹ 7.57 lakh has been booked in the year 2022-23 including the provision of Rs. 28,662/- for the year 2022-23..



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The provision for gratuity

The company had already made a provision of Rs.139.60 lakh for gratuity in the previous financial year. An amount of Rs.49.90 lakh has been paid towards gratuity in the current financial year 2022-23. Actuarial valuation of gratuity liability in respect of 14 employees (both current and non-current) in the payroll of the company as on March 31,2023 has been made at Rs. 7,35,573/-. Actual Gratuity liability in respect of employees who have resigned and retired comes to Rs.72.33 lakh . Hence, the total gratuity liability as on 31.03.2023 in respect of existing 14 employees and separated and retired employees is Rs. 79.69 lakh(Rs.72.33 lakh+Rs.7.36 lakh).. An amount of Rs.10.68 lakh has been paid to 6 employees towards gratuity in 2023-24 ..Gratuity .to other past employees has not been paid because of complaint filed with EOW and decision yet to be received from EOW 13 employees ₹ 58.02 lakh and non-clearance of 4 ex-employees ₹ 3.62 lakh.

45. The company has made the following provision during the year as follows: -

The Company has made the provision on its Advance (Loan Portfolio) as per the revised Master Circular- DNBS. (PD)CC. No. 347 /03.10.38/2013-14 dated 01st July 2013 - Introduction of New Category of NBFCs - 'Non-Banking Financial Company - Micro Finance Institutions' (NBFC-MFIs) - Directions of the Reserve Bank of India. The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of: -

a. 1% of outstanding loan portfolio: ₹ 45,48,172/-

Or

b. 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more as below,

Classification of Assets	Days	Aggregate loan installments as on 31st March 2023(₹)	Provision %	Provision Amount(₹)
Standard Assets	0-89	5,14,035.55	0%	-
Non Performing Assets	90-179	0	50%	0
Non-Performing Assets	180 & Above	45,43,03,123.92	100%	45,43,03,123.92
	Total	45,48,17,159.47		45,43,03,123.92

As calculated from the above, the gross loan loss provision as on 31st March 2023 is taken at ₹ 45,43,03,123.92/-

As per the guideline issued by the RBI provision amounting ₹1,13,706.41/- has been made as a Contingent provision which calculated 0.25% on standard non-Qualifying Assets.



45. Contingent Liabilities provided in respect of the following: -

(a) Leave Encashment: -

FY 2020-21:	₹ 85,49,615/-
Add: FY 2021-22:	₹ 6,23,346/-
Add: FY 2022-23:	₹ 1,15,808/-
Total	₹ 92,88,769/-

(In the absence of approval from the Board the amount payable under Leave Encashment is booked as a contingent liability.

(b) Fuel Expenses (TA): -

₹ 11,22,653/- (HR Data FY 2020-21)

(c) Dvara Solutions Pvt. Ltd. :-

₹ 87,47,319/- (Pending invoice for software development)

(d) Income Tax: -
IT Demand

Financial Year	Assessment Year	IT O/S demand (INR)	Accrued Interest	Total Demand
2000-01	2001-02	3,47,080	-	3,47,080
2013-14	2014-15	4,10,848	-	4,10,848
2015-16	2016-17	61,65,856	-	61,65,856
2016-17	2017-18	2,31,67,700	-	2,31,67,700
2016-17	2017-18	9,240	-	9,240
2017-18	2018-19	86,35,18,146	18,17,25,579	1,04,52,43,725
Grand Total (INR)				₹ 1,07,53,44,449

The company has filed an objection before the Hon'ble High Court of Odisha against the demand by the IT Department and a stay has been granted by the Hon'ble High Court.

(e) TDS: -

TDS Demand:

₹ 1,79,540/- (FY2020-21) Reduce to ₹ 10,160/- after correction filled

Financial Year	Manual Demand (Justification available with AO)	Processed Demand (Justification available from CPC)	Reason for demand
2012-13	-	₹ 10,160	Short deduction/ Interest on short deduction/ Interest on late payment. One of the lenders ,M/s Ananya Finance for Inclusive Growth is eligible for TDS at lower rate for the FY 2012-13. But the IT Authorities has demanded higher rate of TDS. as per section 194A. This has been explained to the authorities, but their response is awaited..
		₹10,160	



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47. Related party Disclosures:

a. Related party disclosures as required by Accounting Standard 18, "Related Party Disclosure".

List of related parties and relationships:

Sr. No.	Nature of Relationship	Party Details	Remarks
	Nominee Director	Mr. Girish Kumar Meher	Continuing
	Independent Director	Mr. Uma Shankar Lal	He was inducted on 17 th Nov 2020 and he resigned on 8.09.2021
	Independent Director	Mr. Akshaya Kumar Parhi	He was inducted on 17 th Dec 2020 and is continuing
Entities exercise significant influence over the Company	Reporting entity is an Associate	BOPA Lte Ltd	
	Reporting entity is an Associate	Dia Vikas Capital Private Limited	
Relatives of Key Management Personnel	Relatives	-	

Related Party transactions:

Sr. No	Nature of Transactions:	Year ended 31st March 2023	Year ended 31st March 2022
1	Interest expenses		
	Dia Vikas Capital Private Limited	Nil	Nil
2	Commitment Charges		
	Dia Vikas Capital Private Limited	Nil	Nil
3	Term Loan Principal payment		
	Dia Vikas Capital Private Limited	Nil	Nil
4	Allotment of equity Share	Nil	Nil

Director Sitting Fees		
Sr. No.	Director	Amount
1	Mr. Akshaya Kumar Parhi	₹3,40,000.00
	Total	₹3,40,000.00



48. Provision for payment for conducting Audits-

Provision for payment for conducting Audits	For the year ended	
	31.03.2023 (₹)	31.03.2022(₹)
Statutory Audit fees	1,25,000	1,25,000
Tax Audit fees	45,000	45,000
Internal Financial Reporting & Accounting Review	30,000	30,000
a Audit Fee for Recasting FY 19-20 (SRB & Associates)	1,00,000	0

For and on behalf of BAPS & Associates

Chartered Accountants
Firm Regd. No-117119W

CA. Dr. Prithvi R. Parhi
Partner
Membership No. 063639
UDIN:

Place: Bhubaneswar

Date: July 27, 2023



Akshaya Kumar Parhi
Director
Din: 08630665

Anadi Charan Sahu
Administrator

For and on behalf of the Board of Directors

Girish Kumar Meher
Director
Din: 08710330

Arbind Tuty
Manager Accounts





Independent Auditor's Report on Standalone Financial Statements

To the Members of
Sambandh Finserve Private Limited
Rourkela

Qualified Opinion

We have audited the standalone financial statements of **Sambandh Finserve Private Limited** ("the Company"), which comprise the balance sheet as at **March 31, 2023**, and the statement of Profit and Loss, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, except for the effects or the possible effects, as the case may be, of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2023** and its loss, and its cash flows for the year ended on that date.

Basis for Qualified Opinion

i) Finance Cost

The company has provided for the interest on borrowings for the current reporting period amounting to Rs. **45,69,29,070/-** without crediting it to the recipients' account. As a consequence, the TDS liability on these expenses is not recognized in financial statement.

ii) Cash and Cash Equivalent

The financial statement of the company contains cash and cash equivalent of Rs. **27,14,82,346.55** which includes Rs. **29,10,076/-**[Refer Note No 13] as cash at bank. As balance confirmation certificates are available only for Rs **14,29,599/-**and not available for Rs. **14,80,477/-** there is a possibility that the FDs and cash reserves (collaterals) are liquidated by the lenders and hence not in the control of the company. Consequently, the cash and cash equivalent of the company as well as the borrowings (liability) of the company may be overstated to an extent which is not ascertainable. We could not obtain sufficient and appropriate audit evidence in respect of the Cash and cash equivalent.

iii) Leave encashment

In absence of any policy on leave encashment, the company has shown leave encashment as contingent liability to the extent of Rs. **92,88,769/-**-This is as per companies own estimation not based on the actuarial valuation. No liability is created

[Refer Note No 44]

iv) Gratuity

The provision of employee benefit (gratuity liability) for past employees are not provided as per actuarial valuation.

v) Property, Plant & Equipment

The fixed asset register maintained by the company does not contain information as regards to date of purchase. In the absence of the same, the appropriateness of depreciation charged, amount of asset derecognized and the particulars of assets that represent the current book value could not be verified. Consequently, we were unable to comment whether any adjustments to these amounts were necessary. [Refer Note No 10&20].





vi) Long Term Borrowings

We could not obtain sufficient and appropriate audit evidence in respect of the balance outstanding towards long term borrowings. In absence of any positive confirmation from the lenders regarding the same, we are unable to ascertain whether any adjustment to them were necessary. [Refer Note No 5]

vii) Loans and advances

We could not obtain confirmation of the balance of Long-Term Loans and Advances amounting to Rs. 45,46,93,346/- and Short-term loans and Advances amounting to Rs. 1,23,813/-. We are also unable to ascertain whether any adjustment to them were necessary. [Refer Note No 11,14]

viii) Statutory compliances and Liabilities-

Non-compliances in the nature of delay in filing of GST returns, irregularity in income tax return filing of earlier years, indicates statutory noncompliance, the financial implications of which is not recognized in the financial statement.

ix) Advance Repayment and settlement

The amount of Other Current Assets, includes Rs. **5,31,37,849/-** under sub-head "Other receivables". In absence of confirmations, we are also unable to ascertain whether any adjustment to them were necessary. [Refer Note No.15]

x) Impairment of Assets

Cancellation of NBFC license by RBI indicates an adverse effect on the company and possibility of discontinuance of its operation in the near future. In such scenario it is observed that the Non-Current Assets in the nature of Computers, Furniture, Electronic equipment are not used in a manner in which such assets expected to be used. This indicates impairment of such assets and loss of impairment is not ascertained and recognized in the Financial Statements.

xi) Audit Trail

The accounting package used by the company does not have the feature of recording **audit trail** for we are unable to comment on the authenticity of the financial transactions. The audit trail (edit log) facility has not been operated throughout the year. The possibility of tampering of accounts cannot be avoided.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to the following points which describes the effects on the financial statements. Our opinion is not modified in respect of these matters: -

- Note No **35**, which describes the company's policy of not to charge penalty for delayed payments.
- Note No **36**, which describes that the company doesn't take collateral security.
- Note No. **39**, Which describes about the DDUGKY projects.
- The Provision for loss on loans and advances is allowed as deduction under the statue of Income Tax Act ,1961 for NBFCs. However, since the certificate of registration u/s 45-IA of RBI Act 1934 was cancelled vide





RBI order dated September 9, 2021, the company can no longer be classified as a NBFC. Deferred Tax Asset is created on such provision. [Note 9 & Note 6]

Key Audit Matters

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

SI No	Key Audit Matters	How the matter was addressed in our audit
1	Tax Matters The Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.	We have obtained details of completed tax assessments and demands for the previous financial years from management. We obtained opinion of experts and also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.
2	Provision for Doubtful debt As per RBI circulars, the company is required to provide for credit loss towards loans advanced to various customers. While estimating the future credit losses factors including expected behaviour, life cycle of the financial asset, probable fluctuation in collateral value which may have an impact on the collectability are to be considered which involves application of significant judgement and estimates including use of key assumptions such as probability of default and loss given default.	We have evaluated the management's process and tested key controls around the determination of expected credit loss allowances, including controls relating to: – The identification of events leading to a significant increase in risk and credit impairment events; and – The determination of the impaired credit loss allowances and the key assumptions including probability of default and loss given default on a forward-looking basis having regard to historical experiences. We found that these key controls as above, were designed, implemented and operated effectively, and therefore have placed reliance on these key controls.
3	Related Party Transactions The fraud committed by the company in respect of which investigation is still going on has increased the risk of material misstatement in respect of related party transactions.	We studied the forensic audit report of an independent third party. We assessed the appropriateness of the management's action towards the reporting of the misstatement.

Other Matters

i. RBI Compliances

The Reserve Bank of India vide their letter no. **69/ 21.02.180/ 2021-22 dated on September 16, 2021** has directed the company to dispose of the financial assets and bring it below 50% of the total assets within three years from the date of the cancellation of certificate of Registration. The certificate was cancelled vide RBI dated September 9, 2021. As on the date of financial statement, the financial assets are not brought down below 50% of the total assets.





ii. Misstatements due to Fraud

We have reason to believe that an offence of fraud was committed against the company by its officers or employees. We believe the fraud involves or is expected to involve individually an amount of Rs. 2,48,42,34,100/- (Rupees Two Hundred and Forty-Eight Crores Forty-Two Lakhs Thirty-Four Thousand and One Hundred), We have reported the matter to the Central Government as per the provisions of sub-section (12) of section 143 of the Companies Act, 2013 during our audit for the **financial year 2020-21**.

iii. Cancellation of Certificate of Registration

The Certificate of Registration No- N-04.00023 dated November 01, 2010 issued to the company under Section 45-IA of the Reserve Bank of India Act 1934 for carrying on the business of Non-Banking Financial Institution has been cancelled by the Reserve Bank of India on September 09, 2021. Even if the activity of Non-Banking Financial Institution business cannot be carried out the management assumes that the going concern assumption of financial statements are still valid as the management has no intention to liquidate the company in near future.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 or independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure- A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. The company is using an accounting software which does not have a feature of recording audit trail. In our opinion the audit trail feature is not configurable and not enabled/operated throughout the year. The transactions recorded in the software are not covered in the audit trail feature. The audit trail has not been preserved as per statutory requirements for record retention.
3. 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 not 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. Except for the effects of the matter described in the 'Basis for Qualification' paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.





BAPS & Associates
Chartered Accountants

S-3, Pravat Villa
Kalarahanga, PO:KIIT
Bhubaneswar ,Odisha-751024
Cell: 7008246670,8763434746
Mail: prithvi.baps@gmail.com

- e. The company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns.
- f. On the basis of written representations received from the directors as on **31st March, 2023** taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2023** from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure -B**".
- 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 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.

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For **BAPS & Associates**
Chartered Accountants
FRN 117119W




CA Dr. Prithvi Ranjan Parhi
Partner
MRN: 063639
UDIN: 23063639BGVIAH6112

Place: Bhubaneswar
Date: July 27, 2023



Annexure "A"
Annexure to the Independent Auditor's Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended **31st March, 2023**: -

1. In respect of Property, Plant, Equipment and Intangible Assets:

- a) (A)The Fixed Assets Register maintained by the Company does not contain full particulars, including date of purchase, amount of depreciation, date of put to use are not kept on record;
(B) The company has not recognized any intangible assets
- b) The fixed assets were physically verified during the year by the management, however, since fixed asset register was not properly maintained, the authenticity of this physical verification could not be established.
- c) The company doesn't own any immovable property. Accordingly, the provisions of clause 3 (i) (c) of the Order is not applicable to the Company and hence not commented upon.
- d) The company has impaired property, plant and equipment worth Rs. **16.78 Lakhs** during the year on the basis of valuation report but the disclosure requirements as per AS 28- Impairment of Assets are not complied with.
- e) Proceedings under the Benami Transactions (Prohibition) Act, 1988 for holding any benami property has not been initiated or pending against the company.

2. In respect of inventory:

The company does not have any inventory and accordingly the provisions of clause 3(ii)(c) of the order may not be applicable.

3. In respect of Loans, Investment, Guarantee and Security:

In respect of the matters required to be reported under clause 3(iii) of the Order, we could not obtain sufficient and appropriate audit evidence regarding it as the company couldn't furnish balance confirmation certificates with respect to the outstanding balances.

4. In respect of Loans, Investment, Guarantee and Security u/s 185 &186: -

In respect of the matters required to be reported under clause 3(iv) of the Order, we are of the opinion that reporting on compliance of Section 185 and 186 is not required as the Company has not given any loan to director or any made any investment during the year

5. In respect of Deposits by Companies:

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. Therefore, the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2020, are not applicable to the Company.

6. In respect of Cost Records:

To the best of our knowledge and according to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the act for the company.

7. In respect of Statutory Dues:

During the period under audit the company has discharged the statutory liabilities to the extent identifiable





8. In respect of Unrecorded Transactions:

In our opinion and according to the information and explanations given to us, except the items reported under the "Basis for Qualified Opinion" paragraph, there are no material unrecorded transactions.

9. In respect of Default in repayment of Loans or other Borrowings:

In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks. The payments have not been made in as per the repayment schedules of the borrowings. The Company has taken loan from financial institutions of Rs. 335.35 Crores but has not issued any debentures during the year under audit.

We couldn't obtain audit evidence to determine whether the company is declared as a willful defaulter by any bank except that one of the lender M/s: IDFC Bank has declared the company as willful defaulter

10. In respect of Funds Raised:

- a) The company has not raised moneys by way of initial public offer or further public offer during the year and accordingly, the provision of clause (x) (a) 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 and accordingly, the provision of clause (x) (b) is not applicable.

11. In respect of Fraud:

Fraud by the company or on the company has not been noticed or reported during the year and accordingly the provisions of clause (xi) are not applicable.

12. In respect of Nidhi Company:

In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13. In respect of Compliance of Section 177 and Section 188 of the Companies Act, 2013:

In our opinion, no such reportable transactions are there during the period under audit.

14. In respect of Internal Audit:

The company doesn't have internal audit system commensurate with the size and the nature of its business. The internal audit process needs to be strengthened in at least in respect of the matters described in "Qualified Opinion" paragraph of Annexure- B and carried on more frequently, preferably on quarterly basis to ensure timely reconciliation of balances and rectification of errors.

15. In respect of non-Cash transactions with directors or persons connected with him:

Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16. In respect of Non-Banking Financial Companies:

- a) The company was registered under section 45 IA of the Reserve Bank of India Act, 1934 prior to the discovery of fraud. However, subsequent to it, the registration was revoked by Reserve Bank of India.
- b) The company has conducted the activity of 'collection of money' from its existing customers which comes under the meaning of 'Non-Banking Financial activities' as described under Section 45I (c)(vi) of Reserve Bank of India Act, 1934, without having a valid Certificate of Registration (CoR) from the Reserve Bank of India. The Reserve Bank of India vide their letter No BBS.DNBS. DNAD. No 87/ 21.02.180/2020-21





dated September 16, 2021 has cancelled the CoR of the company and has directed the company to reduce its financial assets to below 50% of the total assets. As explained to us the collection of money from the existing customers is in compliance with the above cited order.

17. In respect of Cash Losses:

The figure of cash losses is not readily available from the financial statements of the company.

18. In respect of Resignation by previous statutory auditors:

There has not been any resignation of the statutory auditors during the year

19. In respect of Company capable of meeting its liabilities existing at the date of balance sheet:

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 financial statements, in our opinion material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. The reason, being, the company has itself stated in the note no 42 that it is unable to pay interest.

20. In respect of Corporate Social Responsibility:

The provision of sub-section (6) of section 135 of the companies Act, 2013 is not applicable to the company.

21. In respect of Qualifications or Adverse Remarks:

In the context of comments included in this annexure, where there have been qualifications or adverse remarks, the basis for such has been included therein. Further, qualifications, basis of qualification, key audit matters and emphasis of matters are included in the main report.

For **BAPS & Associates**
Chartered Accountants
FRN: 117119W

CA Dr. Prithvi Ranjan Parhi
Partner
M. No: 063639
UDIN:23063639BGVIAH6112

Place: Bhubaneswar
Date: July 27, 2023



ANNEXURE “B”

ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED **31ST MARCH 2023**.

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 **Sambandh Finserve Private Limited** (the Company) as of **March 31, 2023** in conjunction with our audit of the standalone 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 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 the 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at **March 31, 2023**:

1. The company didn't have the practice of assessing the amount of the gratuity liability of the entire employee base by appropriate professionals except for the present 14 employees as at 31.03. 2023.
2. In absence of balance confirmation from lenders, the company could not ensure that the amount of the borrowings of the company are reflecting at true and fair value.
3. The Company did not have an appropriate internal control system for maintaining a Fixed Assets Register with all required details.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

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

For **BAPS & Associates**
Chartered Accountants
FRN: 117119W

CA Dr. Prithvi Ranjan Parhi
Partner
M. No: 063639
UDIN: 23063639BGVIAH6112

Place: Bhubaneswar
Date: July 27, 2023

DIRECTORS' REPORT

To
The Members,
Sambandh Finserve Private Limited,
Plot No: "O"-4/9, CIVIL TOWNSHIP, ROURKELA-769004
ODISHA

The Directors present before you the Twenty Seventh Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2023.

1. FINANCIAL HIGHLIGHTS

	Rs. lakh	
Description	2022-23	2021-22
Share Capital	3195	3195
Reserves and Surplus	-41044	-36401
Non Current liabilities	33534	33534
Long term provisions	4543	13
Short term Provisions	285	4951
Current liabilities	9553	4989
Total liabilities	10066	10281
Fixed Assets	52	98
Intangible Assets	-	-
Deferred Tax Assets	1211	1234
Other long term loans and advances	4547	12

Current Assets		
Short term loans and Advances	409	4988
Cash and cash equivalents	2715	2869
Other current assets	1132	1080
Total Assets	10066	10281
Revenue from operation and other income	120	223
Expenses	4742	6135
Profit/Loss(-) before tax	-4623	-5912
Tax		
Current tax	-	-
Additional Income tax provision	-	-
Deferred Tax	- 23	218
Profit/(loss) for the period	-4646	- 5694

It may be observed that the company has incurred a loss of Rs.4623 lakh before tax during the current year as against loss before tax of Rs. 5912 lakh in the previous year. The loss is mainly due to provision of interest amounting to Rs.4569 lakh on borrowed funds. This was not paid or credited to any lender, however as suggested by the Auditor it has been included in the expenses above to exhibit fair view of the Financial Statement..

The revenue from operation is Rs. 120 lakh during 2022-23 as against the revenue from operation of Rs. 223 lakh during 2021-22 .

The drastic fall in the revenue is due to low recovery of dues from the clients of SFPL.

NOCPL had discontinued the recovery and stopped sending its officials to the client place for recovery since April,2022 after intimating the Company.

There is no change in the nature of business except to the extent of not carrying the business of NBFC-MFI since September 16,2021 as per the direction of RBI .

2. DIVIDEND:

As the company has incurred huge loss on account of provision for Finance cost and also write off the bad debts during the year , recommendation of dividend does not arise.

3. TRANSFER TO RESERVE

No amount has been transferred to “Reserves and Surplus “ during the year under report in view of the huge loss. The Reserve is negative at 41044 lakh as on 31.03.2023 against the negative reserve of Rs. 36401 lakh in the previous year.

4. OPERATIONIONAL HIGHLIGHTS

During the year under report, there was no fresh loaning operation. The collection of debts from genuine clients which was entrusted to NOCPL , reduced because of the high DPD. Having no other alternative, the company resorted to collect the debts wherever possible through own employees .The collection was Rs.62.04 lakh during 2022-23 as against Rs.1252.55 lakh during 2021-22.

5. DETAILS OF APPLICATION MADE OR ANY PROCEEDINGS PENDING UNDER THE IBC,2016 DURING THE YEAR ALONG WITH THEIR STATUS

SIDBI, one of the lenders, has filed an application before NCLT, Cuttack for initiating Corporate Insolvency Resolution Process .The same has been dismissed by NCLT on the ground that the date of default of debt, being 15.12.2020, falls during the calm period e.i., between 25.03.2020 to 24.03.2021 as per the MCA Notification vide no SO 4638E ,Dated 22.10.2020. SIDBI has again filed an appeal in NCLAT challenging the order dated 8.5.2023 of NCLT, Cuttack. SIDBI has also filed an application under section 95 of the IBC,2016

before NCLT, Cuttack against the personal guarantor ,Mr. Deepak Kindo.

After dismissal of the application filed by Mr. Livinus Kindo, ex-chairman against the company under section 241-242 of the Companies Act,2013 by NCLT, Cuttack , Mr. Deepak Kindo has filed an application for restoration of the same in NCLT, Cuttack. The company shall file the counter . The company had engaged lawyers /advocates to protect the interest of the company and the directors not involved in the fraud.

The Company has filed application before Hon'ble NCLT, Cuttack under section 10 of the IBC,2016 for initiation of Corporate Insolvency Resolution Process on 8.8.2023 as per the decision of the Board and approval of shareholders. The matter is yet to be listed.

6. SHARE CAPITAL

(I) AUTHORISED CAPITAL

There was no increase in the Authorised share capital of the Company during the year under report. The Authorized Share Capital of Sambandh Finserve Pvt Ltd isRs. 50,00,00,000/- (Rupees Fifty Crore only) as on 31.03.2023 divided into 4,20,00,000 (Four Crore Twenty Lakh Only)equity shares of Rs. 10/- (Rupees Ten Only) each, and 80,00,000(Eighty Lakh Only) Preference Shares of Rs. 10/- (Rupees Ten Only) each.

(II) PAID UP CAPITAL

During the year, there is no change in the Paid-up equity share Capital and the paid up preference share capital of the Company .

The Paid-up share capital of the company on 31.03.2023 is Rs. 31,94,68,540/- (Rupees Thirty one Crore ninety four lakh sixty eight thousand five hundred forty only) divided into 3,19,46,854 (Three Crore Nineteen Lakh forty six thousand eight hundred fifty four) nos. of equity shares of Rs. 10/- (Rupees Ten Only) each.

7. BOARD OF DIRECTORS

There are only two directors on the Board out of which one is an independent director and the other director is nominee director of SIDBI.

The Board of the Directors of the company as on 31.03.2023 is as under:

DIN	full name	Designation	Date of appointment	Date of cessation
1	Mr Girish Kumar Meher DIN: 08710330	Nominee director	25.02.2020	Continuing
2	Mr Akshaya Kumar Parhi DIN: 08630665	Independent director	17.12.2020	Continuing

There was no appointment or cessation of any director during the year under report.

8. NUMBER OF BOARD OF DIRECTORS' MEETING

During the year, 11 meetings of the Board of Directors were held.

The number of meetings attended by the directors during the FY 2022-23 is as follows:

Name of the director	No of meetings held	No of meetings attended
Mr. Girish Kumar Meher DIN-08710330	11	11
Mr. Akshaya Kumar Parhi DIN-08630665	11	11

9. DIRECTOR'S RESPONSIBILITY STATEMENT

(a) Adherence to applicable Accounting Standards:

In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(b) Selection and Application of Accounting Policies.

The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

(c) Safeguarding the assets of the company.

The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) Going concern basis.

The Directors had prepared the annual accounts on a going concern basis.

10. RESERVATION AND QUALIFICATION ON AUDITOR REPORT

The Report of the Statutory Auditor for the year 2022-23 contains certain qualifications and the management has given its reply to the same which is attached to this Report.

11. LOANS AND GUARANTEE UNDER SECTION 186

The Company has not given any loan nor provided any guarantee to any entity coming under the purview of provisions of Section 186 of the Companies Act, 2013. This is also as per the direction given by RBI to the Company at the time of surrender of the Certificate of Registration .

12. PARTICULARS OF CONTRACT AND ARRANGEMENT UNDER SECTION 188

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

13. STATE OF THE COMPANY'S AFFAIRS

Company has not carried any NBFC-MFI activities during the year under report. Such activities were stopped from October, 2020 after the internal corporate fraud made known on October 7, 2020.

The Administrator has been managing the affairs of the company with guidance of the Board. All excess and avoidable expenditures were curtailed. Financial discipline was implemented. Manpower was rationalized by which the manpower reduced from the level of 763 on October 31, 2020 to 15 only by the end of March, 2023. During the year, three more senior officials managing HR, MIS&IT and Recovery & customer grievance left the company. At present, the company is having only one manager rank officer.

Comparative staff position is given hereunder:

As on -

S l N o	Category	October 31,2020	March 31,2021	March 31,2022	March 31,2023
1	Key Managerial and senior Personnel	11	1	1	0
2	Manager	12	9	2	1
3	Other staff	686	39	18	11
4	Sub-staff	54	12	5	5
	Total	763	61	26	15

Recovery of outstanding debt during the year is as under:
(In lakh rupees)

Recovery by	2022-23	2021-22
NOCPL	40.12	1252.52
Staff of SFPL	21.92	0.03
Interest on FDR kept with Bank of India and Bank of Baroda	49.93	66.52

The company is getting interest from March,2022 only on fixed deposit of Rs.10.90 crore made with Bank of Baroda as EOW has seized one of the current account and FDR maintained with Bank of India. As such, the interest on FDR which was a good source of revenue also dried up.

14. MATERIAL CHANGES

As per the NCLT order dated April 26,2022, revision of the financial statements for the year 2019-20 has been made and after audit by the statutory auditor ,M/s SRB & Associates , revised audit report has been received on June 7,2023.

The Medium and Small Enterprises Facilitation Council ,Chennai Region,Tamilnadu , vide order dated February 27,2023 directed on an application made by M/s Dvara Solutions Private Limited, a software provider, SFPL to pay the principal amount of Rs. 87,47,316/- along with compound interest with monthly rests, at three times the bank rate from the appointed due dates.

Award on the matter of Easy Home Finance Limited has been made by Arbitrator on July 25,2023 against the company.

The Company has filed application before Hon'ble NCLT, Cuttack under section 10 of the IBC,2016 for initiation of Corporate Insolvency Resolution Process on 8.8.2023 as per the decision of the Board and approval of shareholders.

A Notice dated 14th July, 2023 has been received from the Registrar of Companies, Odisha , Cuttack for enquiry under section 206(4) of the Companies Act,2013. Required information as asked for has been submitted by the company. Registrar of Companies ,Odisha ,cuttack has also issued another letter dated August 11,2023 to furnish information/explanation with documentary evidence with respect to violations of the provisions of certain sections of the Companies Act,2013.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Conservation of energy: Since the company is not in energy intensive industry the particulars as prescribed the Companies Act, 2013, read with the rules made there under are not set out in the report. Nevertheless, the company is taking adequate steps to conserve energy.

Technology Absorption: The Company is continuing with the available technology to save cost.

Foreign Exchange earnings and outgo: During the year under review there was no earning or expenses in foreign exchange.

16. CORPORATE SOCIAL RESPONSIBILITY POLICY AND ITS IMPLEMENTATION

CSR is not applicable to the company as per section 135 of the Companies Act,2013.

17. DIRECTORS/KMP APPOINTED/RESIGNED DURING THE YEAR

No director has been appointed and no director has resigned during the year under report.

18. DETAILS OF SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

The Company neither has any subsidiary nor any Associate company as on date.

19. DEPOSITS

The company has not accepted any deposits as defined under the provisions of the companies Act and rules made there under from the public and hence there are no unclaimed or unpaid deposits.

20. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL)

ACT, 2013

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made there under, your Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment.

The list of the Committee Members is mentioned below:

S.N	Name	Designation	Position
1	Ms. Stella Toppo	Sr. Executive, HR	Chairman
2	Ms. Rita S Kiro	HR- Head	Committee Member

During the year, the Company has not received any case in this regard, Ms. Rita Kiro has resigned from the service on January 25, 2023.

21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT

Arbitration awards against the Corporate Debtor have been made in the cases of Samunnati Financial Intermediation and Services Private Limited- Award dated 09.02.2022 for payment of Rs. 24,55,41,042/- including interest .Nabkisan Finance Limited- Award dated 11.02.2023 for Rs.7,32,82,651.23/- .Habitat Micro Build India Housing Finance Private Limited- Awards dated 07.12.2022 for Rs.4,88,51,933/-, dated 08.12.2022 for Rs.63,47,146/- and dated 09.12.2022 for Rs.2,60,98,330/- .Easy Home Finance Limited .-Arbitration award dt. July 25,2023 for Rs. 80,59,769/- including interest 15.5%.

Arbitration proceedings in the matter of Shriram City Union Finance Ltd. and Pahal Financial Services Private Limited are under process.

Order has been passed by the Hon'ble Madras High Court dated 04.01.2022

in favour of Vivriti Capital Private Limited for an amount of Rs.9,60,68,603.83/-.Order has been passed by the Hon'ble Madras High Court dated 26.09.2022 in favour of Northern Arc Capital Limited for Rs.38,16,45,711/-.

The Medium and Small Enterprises Facilitation Council ,Chennai Region,Tamilnadu , vide order dated February 27,2023(received by the company on 26.06.2023) directed on an application made by M/s Dvara Solutions Private Limited, a software provider, SFPL to pay the principal amount of Rs. 87,47,316/- along with compound interest with monthly rests, at three times the bank rate from the appointed due dates.

IT Department has also issued notice imposing penalty and also tax on the company for previous financial years , aggregating Rs. 86.40 crores which are being taken care as per law including getting stay orders from the Hon'ble High Court, Odisha. The assessment for the AY 2017-18 has been reassessed by the IT department and imposed a tax liability of Rs.2,32,01,550/- against which the company has filed appeal.

Registrar of Companies ,Odisha ,Cuttack has vide letter dated July 14,2023 for enquiry under section 206(4) of the Companies Act,2013 asking information pertaining to the period 2014-15 to 2019-20 pursuant to which the company has provided the required information. Registrar of Companies ,Odisha ,Cuttack has vide letter dated August 11,2023 has intimated the company about violations of various provisions of the Act and asked for information with documentary evidence.

22. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company put in place adequate internal control system commensurate with its size and business maintaining transparency and disclosure in the affairs of the Company .

23. ESTABLISHMENT OF VIGIL MECHANISM

The Company is not coming under purview of Vigil Mechanism as defined under the Companies Act, 2013 and hence not implemented it.

24. CORPORATE GOVERNANCE

After the internal corporate fraud came to lime light on October 7,2020, the Board took all necessary steps for rationalizing the operation of the company. The MD & CEO,Chairman and one Independent Director namely Mr. Vinod Jha were removed by the Board and the shareholders . Two new Independent directors were appointed after the fraud came to surface for the purpose of maintain transparency and ensuring good corporate governance system in the company. The state of affairs of the company including the financial transactions were informed to all Lenders and Investors to maintain utmost transparency. One of the Independent directors namely Sri U S Lal resigned w e f 08.09.2021. Strong internal control and corporate reporting system under law is ensured by the company.

Internal Control System: The company's activities has been stopped except the collection of debts as per the RBI direction. Strict control is exercised on each and every transaction so as to conserve scarce resources .

25. SECRETARIAL AUDIT

The Board appointed Gopinath Nayak & Associates, Practising Company Secretaries Firm to conduct the Secretarial Audit for the financial year 2022-23 in terms of Section 204 of the Companies Act,2013.

Secretarial Audit Report for the year ended March 31, 2023 provided by Gopinath Nayak & Associates, Practicing Company Secretaries Firm,Plot No.186, District Centre, Chandrasekharpur, Bhubaneswar, Odisha-751016,is annexed to this Report along with comment of the Board of directors on the qualifications/reservations /adverse remarks made by the Company Secretary in practice is attached.

26. STATUTORY AUDITOR & THEIR REPORT

M/s BAPS and Associates, Chartered Accountants, Bhubaneswar was appointed as the Statutory Auditor of the Company for the financial year 2022-23.

The observations of the Auditors have been considered and reply to the same has been attached to this report.

27. COST AUDITORS

The Cost audit of the Company has not been conducted for the financial year 2022-23 as provisions of Section 148 of the Companies Act, 2013 are not applicable to the Company.

28. LISTING WITH STOCK EXCHANGES.

During 2019-20, the Company had issued Non Convertible Debentures which was listed in BSE.

29. NPA WRITE OFF

There is no NPA write off during the current year as the Company has already provided 100% provision against the outstanding book debts in the previous years.

30. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Director of the Company has submitted his declarations of independence in terms of Section 149 of the Companies Act, 2013.

31. KEY MANAGERIAL PERSONNEL

During the year 2020-21, the MD & CEO was removed on charges of reported fraud. CFO and CS resigned from the services of the Company. No MD has been appointed. The resignation of CFO has not been accepted because his name appears in the E& Y Report for his alleged involvement in the fraud.. An attempt was made for appointment of Company Secretary. One candidate was selected, but he declined to join mainly because of fraud perpetrated in the company.

32 .STATUTORY DISCLAIMER

The Company was having a valid Certificate of Registration (CoR) dated November 01, 2010 issued by RBI under Section 45-IA of the Reserve Bank of India Act, 1934 during the year under report. However, RBI has cancelled the CoR in September, 2021 due to failure on the part of the company to maintain the prescribed Net Owned Fund of Rs. 5 crore and CRAR criteria of 15% on account of the fraud perpetrated in the company during the year under report. The Net Owned Fund of the company stood at INR (-) 23,220.62 Lakh as on March 31, 2020 as against INR 6,855.26 Lakh reported by the Company. Similarly, the CRAR of the company as on 31.03.2020 was (-) 234.17% as against the figure of 20.91% reported by the Company. RBI has attributed the reason for the sharp falling NOF and CRAR to the fictitious borrowers and non-existent portfolio to the extent of INR 30,035.26 Lakh.


ACKNOWLEDGEMENT

The Directors of Sambandh Finserve Pvt Ltd thanks to the investors, clients, vendors, bankers and employees for their support to the company's growth. The Directors also wish to place on record their sincere appreciation of the devoted and efficient services rendered by all the concerned people of the company. We are also thankful to the Government of Odisha and Local Authorities for their continued co-operation and support at all times.


**For and on behalf of the
Board of Directors**

Date: 22-08-2023

Place: Bhubaneswar


G. K. Meher
(Director)

DIN-08710330


A.K. Parhi
(Director)

DIN-08630665

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REPLY OF THE MANAGEMENT TO THE OBSERVATIONS OF AUDITOR FOR THE YEAR 2022-23

The Management has given its comments on the relevant observations of the Auditor as under :

Basis for Qualified Opinion	Reply of the Management
<p>i) Finance Cost</p> <p>The company has provided for the interest on borrowings for the current reporting period amounting to Rs. 45,69,29,070/- without crediting it to the recipients' account. As a consequence, the TDS liability on these expenses is not recognized in financial statement.</p>	<p>The entire operation of the company came to stand still after the incidence of the internal corporate fraud which came to surface in October 2020. The activities of the company is limited only to the collection of dues and managing the day to day affairs of the company. The collection has also dried up and a minuscule amount of around Rs. 3 lakh per month is collected as against around Rs. 4 crore per month during October – December ,2020.</p> <p>From the amount of collection and after meeting the expenditure Fixed deposit Receipts aggregating Rs. 15.93 was created at Bank of India which has ceased by EOW, Bhubaneswar . Balance fixed deposit of around Rs.10 crore is under embargo by the Commercial Court , Bengalure in a case filed by Habitat Micro build Housing Finance Company Pvt ltd. Notwithstanding above the available resources is much less than the dues payable to the lenders. The lenders could not reach a consensus for distribution of the available resources. More importantly the company is not in a position to pay the principal instalments to the lenders hence payment of interest can never be made. In view of the above no provisions for interest was made for the year. However as advised by the auditor ,only provision of interest has been made in the books of Accounts for the current year. The company neither has paid nor credited any amount towards interest to any lender. Further , the Board has decided to file application in NCLT for Corporate Insolvency Resolution Process under section 10 of IBC,2016.</p>
<p>ii)Cash and Cash Equivalent</p> <p>The financial statement of the company contains cash and cash equivalent of Rs. 27,14,82,346.55 which includes Rs. 29,10,076/-[Refer Note No 13] as cash</p>	<p>In spite of the company's request to lenders to intimate about the balance outstanding of the loan amount to ascertain adjustment of collateral in the form of cash & cash equivalent, no such confirmation could be received even after sending reminders.. Therefore, in absence of such non confirmation, the company</p>

<p>at bank. As balance confirmation certificates are available only for Rs 14,29,599/- and not available for Rs. 14,80,477/- there is a possibility that the FDs and cash reserves (collaterals) are liquidated by the lenders and hence not in the control of the company. Consequently, the cash and cash equivalent of the company as well as the borrowings (liability) of the company may be overstated to an extent which is not ascertainable. We could not obtain sufficient and appropriate audit evidence in respect of the Cash and cash equivalent.</p>	<p>continued to show the cash reserves and FDs in the books of accounts .</p>
<p>iii) Leave encashment</p> <p>In absence of any policy on leave encashment, the company has shown leave encashment as contingent liability to the extent of Rs. 92,88,769/- - This is as per companies own estimation not based on the actuarial valuation. No liability is created</p> <p>[Refer Note No 44]</p>	<p>The contingent Liability provision which was made in the FY 2021 is carried forward. No fresh provision has been made in the current FY 2023</p> <p>-</p>
<p>iv) Gratuity</p> <p>The provision of employee benefit (gratuity liability) for past employees are not provided as per actuarial valuation.</p>	<p>We clarify that , the past employees liabilities on account of payment of gratuity has been calculated on actual basis as they have either resigned or left the company and accordingly the provision has been made in the previous year however the company has obtained actuarial valuation for payment of gratuity in respect of the 14 employees continuing in the organization.</p>
<p>v) Property, Plant & Equipment</p> <p>The fixed asset register maintained by the company does not contain information as regards to date of purchase. In the absence of the same, the appropriateness of depreciation charged, amount of asset derecognized and the particulars of assets that represent the current book value could not be verified. Consequently, we were unable to comment whether any adjustments to these amounts were necessary. [Refer Note No 10&20].</p>	<p>In the absence of available information in respect of certain assets purchased prior to October,2020 , the company has revalued the assets and depreciation has been charged on the basis of such revalued figures. Physical verification of the assets was conducted for the year.</p>

<p>vi)Long Term Borrowings</p> <p>We could not obtain sufficient and appropriate audit evidence in respect of the balance outstanding towards long term borrowings. In absence of any positive confirmation from the lenders regarding the same, we are unable to ascertain whether any adjustment to them were necessary. [Refer Note No 5]</p>	<p>The company has maintained the copy of the Agreements and hypothecation documents in respect of the loans availed by the company from various lenders. Charges have been created in respect of such loans in favor of the respective lenders and the details of such charges are available in the MCA website. The company has written to all lenders August 22,2022 , September 15,2022, April 05, 2023 and June 17, 2023 for confirmation of the balance outstanding . Reminders were sent to them on ----- . But no confirmation has yet been received from the lenders. All these documents available with the company were shown to auditor.</p>
<p>vii)Loans and advances</p> <p>We could not obtain confirmation of the balance of Long-Term Loans and Advances amounting to Rs. 45,46,93,346/- and Short-term loans and Advances amounting to Rs. 1,23,813/-. We are also unable to ascertain whether any adjustment to them were necessary. [Refer Note No 11,14]</p>	<p>The auditors were provided with the soft copies of the entire loan accounts pertaining to Micro finance activities of the company . These are Micro Loans and large in number. As per the prevailing practice in the sector there is no balance confirmation from these micro borrowers.</p> <p>Apart from above the company has maintained and preserved the documents relating to these loans and advances of these micro borrowers by bringing the documents from different branches at far off places and keeping them at Khurda and Ahmedabad in safe custody with Crown Record Management Services. The company has also indicated its willingness and cooperation in verification of such loan documents kept with M/s Crown Record Management services by the auditors. But the auditor preferred to rely upon the data /information provided by the management.</p>
<p>viii. Statutory compliances and Liabilities</p> <p>Non-compliances in the nature of delay in filing of GST returns, irregularity in income tax return filing of earlier years, indicates statutory noncompliance, the financial implications of which is not recognized in the financial statement.</p>	<p>There is no irregularity in the current financial year . The irregularities in statutory compliance mainly mostly pertains to the previous years and these has been set right by paying late fee/fine/penalties after taking charge by the new management.</p> <p>In case of Income tax, appeal has been filed before the Hon'ble HighCourt of Cuttack against the notice issued by the IT authorities. These cases are actively monitored by the consulting Tax advocate respective authorities). The Company has filed GST return for the current financial year within due date.</p>

<p>ix) Advance Repayment and settlement</p> <p>The amount of Other Current Assets, includes Rs. 5,31,37,849/- under sub-head “Other receivables”. In absence of confirmations, we are also unable to ascertain whether any adjustment to them were necessary. [Refer Note No.15]</p>	<p>The details of amount ₹ 5,31,47,849/- is available in the worksheet (grouping of financial statement) provided to the auditors. We have also explained the nature of these transactions and moreover the balance have been carried forward from the previous years. Balance confirmation is yet to be received.</p> <p>Details of the above amount is given below:</p> <p style="text-align: right;">(in Rs.)</p> <table border="1" data-bbox="833 527 1421 1077"> <tr> <td>Receivable from VIVRITI CABSEC 009 2019</td> <td>30917432</td> </tr> <tr> <td>Receivable from Northern ARC - Mosec Petta (Sec.)</td> <td>1298626</td> </tr> <tr> <td>Gratuity Scheme</td> <td>1843482</td> </tr> <tr> <td>Advance Repayment for YBL BC Clients</td> <td>7100887</td> </tr> <tr> <td>Kotak Life Insurance(SD)</td> <td>5000</td> </tr> <tr> <td>Advance Repayment & Settlement- Vivriti Cabsec 009</td> <td>11972422</td> </tr> <tr> <td>Total</td> <td>53137849</td> </tr> </table>	Receivable from VIVRITI CABSEC 009 2019	30917432	Receivable from Northern ARC - Mosec Petta (Sec.)	1298626	Gratuity Scheme	1843482	Advance Repayment for YBL BC Clients	7100887	Kotak Life Insurance(SD)	5000	Advance Repayment & Settlement- Vivriti Cabsec 009	11972422	Total	53137849
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Total	53137849														

<p>x) Impairment of Assets</p> <p>Cancellation of NBFC license by RBI indicates an adverse effect on the company and possibility of discontinuance of its operation in the near future. In such scenario it is observed that the Non-Current Assets in the nature of Computers, Furniture, Electronic equipment are not used in a manner in which such assets expected to be used. This indicates impairment of such assets and loss of impairment is not ascertained and recognized in the Financial Statements.</p>	<p>Impairment of Assets</p> <p>The assets have been revalued for the year 2022-23 and the fall in the value of the assets has been taken as impairment cost in the books of accounts of the company in 2022-23. The impairment cost is Rs.16,77,750/-.</p>
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<p>xi) Audit Trail</p> <p>The accounting package used by the company does not have the feature of recording audit trail for we are unable to comment on the authenticity of the financial transactions. The audit trail (edit log) facility has not been operated throughout the year. The possibility of tampering of accounts cannot be avoided.</p>	<p>Steps has been initiated with the software agency for incorporating the Audit trail. Notwithstanding the above, it is confirmed that all transactions executed in the reporting period have been made available to the Auditor in its original form and without any material alteration.</p>
<p>Emphasis of Matter</p>	
<p>We draw attention to the following points which describes the effects on the financial statements. Our opinion is not modified in respect of these matters: -</p> <ul style="list-style-type: none"> a) Note No 35, which describes the company's policy of not to charge penalty for delayed payments. b) Note No 36, which describes that the company doesn't take collateral security. c) Note No.39, Which describes about the DDUGKY projects. d) The Provision for loss on loans and advances is allowed as deduction under the statue of Income Tax Act ,1961 for NBFCs. However, since the certificate of registration u/s 45-IA of RBI Act 1934 was cancelled vide RBI order dated September 9, 2021, the company can no longer be classified as a NBFC. Deferred Tax Asset is created on such provision. [Note 9 & Note 6] 	<p>For a) and b)</p> <p>For the qualification of points under a)and b) it has already been clarified to the Auditor about the function of an NBFC-MFI dealing with micro Finance where as per RBI guidelines no MFI can take collateral security and charge penalty as per the extant guidelines of RBI.</p> <p>For c) On the observation C, it can be stated that, due to outbreak of COVID, and the incidence of Internal Corporate Fraud, the company could not continue with the DDUGKY projects and clarification to this effect has already been submitted to the Government of Chhattisgarh.</p> <p>For d)In the comments of the auditor on point d) is not acceptable because RBI while intimating the cancellation of the CoR vide letter dated September 16,2021 has also made it clear that all the RBId circulars applicable to NBFCs will continue to apply to the company. Moreover RBI has granted three years time to the company for bringing its financial assets to below 50% of the total assets. Auditor has been given acopy of the said letter of RBI which they have recognized under other matters in their report. In the current year, instead of making provisions, the company had recognized an amount of Rs26,37,050/- as income since the amount was recovered out of the provision amount made in the previous years in respect of the Non-performing Assets. Further , in the current year ,there is Deferred Tax Liability as against Deferred Tax Asset reported by the Auditor.</p>

OTHER MATTERS	
<p>i. RBI Compliances The Reserve Bank of India vide their letter no. 69/ 21.02.180/ 2021-22 dated on September 16, 2021 has directed the company to dispose of the financial assets and bring it below 50% of the total assets within three years from the date of the cancellation of certificate of Registration. The certificate was cancelled vide RBI dated September 9, 2021. As on the date of financial statement, the financial assets are not brought down below 50% of the total assets.</p> <p>ii. Misstatements due to Fraud We have reason to believe that an offence of fraud was committed against the company by its officers or employees. We believe the fraud involves or is expected to involve individually an amount of Rs. 2,48,42,34,100/- (Rupees Two Hundred and Forty-Eight Crores Forty-Two Lakhs Thirty-Four Thousand and One Hundred), We have reported the matter to the Central Government as per the provisions of sub- section (12) of section 143 of the Companies Act, 2013 during our audit for the financial year 2020-21.</p> <p>iii. Cancellation of Certificate of Registration The Certificate of Registration No-N-04.00023 dated November 01, 2010 issued to the company under Section 45-IA of the Reserve Bank of India Act 1934 for carrying on the business of Non-Banking Financial Institution has been cancelled by the Reserve Bank of India on September 09, 2021. Even if the activity of Non-Banking Financial Institution business cannot be carried out the management assumes that the going concern assumption of financial statements are still valid as the management has no intention to liquidate the company in near future.</p>	<p>The company's only business was providing loan & advances to the Micro borrowers & the company has engaged recovery agent (M/s NOCPL) to recover dues from its clients to reduce the financial assets .Moreover, RBI has sanctioned three years time which ends in September ,2024 to bring down the assets to below 50%.</p> <p>This was pertaining to the period prior to October,2020.</p> <p>The assumption of the management for treating the company as a going concerns is based on the fact that at the time of cancellation of Registration, there was still financial assets of about Rs, 50 crore and RBI has granted three years time for bringing downthe financial assets to below 50% of the totalassets Auditor was furnished a copy of theletter of RBI issued to the company. Further the management had taken initiative for a resolution under IBC</p>
<p>Report on Other Legal and Regulatory Requirements</p> <p>2. The company is using an accounting software which does not have a feature of recording</p>	<p>Steps has been initiated with the software agency for</p>

<p>audit trail. In our opinion the audit trail feature is not configurable and not enabled/operated throughout the year. The transactions recorded in the software are not covered in the audit trail feature. The audit trail has not been preserved as per statutory requirements for record retention.</p>	<p>incorporating the Audit trail. Notwithstanding the above, it is confirmed that all transactions executed in the reporting period have been made available to the Auditor in its original form and without any material alteration.</p>
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<p>Annexure to the Independent Auditor’s Report</p> <p>Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended 31st March, 2023:</p>	
<p><u>14. In respect of Internal Audit:</u> The company doesn’t have internal audit system commensurate with the size and the nature of its business. The internal audit process needs to be strengthened in at least in respect of the matters described in “Qualified Opinion” paragraph of Annexure- B and carried on more frequently, preferably on quarterly basis to ensure timely reconciliation of balances and rectification of errors.</p>	<p>Internal audit was conducted for the year 2020-21 in which the fraud was reported. During the year 2021-22 and 2022-23 , the transactions are very negligible and repeated transactions like payment of monthly expenses and collection of dues from clients. Therefore, external internal audit has not been conducted for 2022-23. However, strict vigilance has been observed over each and every financial transaction .In house Internal audit will be conducted for 2023-24 .</p>



Gopinath Nayak & Associates
COMPANY SECRETARIES

SECRETARIAL AUDIT REPORT

To
The Members,
Sambandh Finserve Private Limited
Bhubaneswar, Odisha

We have conducted the Secretarial Audit of the Compliance Applicable, Statutory Provisions and the adherence to Good Corporate Governance Practices by M/s Sambandh Finserve Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/Statutory Compliances and expressing our opinion thereon. Based on our verification of the Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the Audit Period ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minutes Book, Forms and Returns filed and other records maintained by the Company for the period ended on 31st March, 2023, according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- g) The requirements under the Debt Listing Agreements entered into with BSE Limited and The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- h) The Memorandum and Articles of Association;

VI. RBI Act, 1934 and Rules & Guidelines made there under

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

We further report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc as mentioned above, with regard to:

- a) Minutes of Board, Committees of Boards, Annual General Meeting and Extra Ordinary General Meeting have been drafted in due time and signed.
- b) Forms, Returns, Documents and Resolutions required to be filed with Registrar of Companies except some belated returns with late fee;
- c) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;



- d) Notice of Board Meetings and Committee Meeting of Directors;
- e) In terms of Regulation 57(1) of the LODR the company need to submit a certificate to the Stock Exchange within two days of payment of interest or principal or both about timely payment. As per the representation made by management, the submission was made on quarterly basis in consultation with BSE.
- f) However, some of the Statutory Returns filed with the ROC were beyond the prescribed date and filed with additional fee.

We further report that the Company does not have a Whole-time Company Secretary, Chief Financial Officer or a Whole-time Director in violation of provisions of Section 196 and 203 of the Companies Act, 2013.

We Further Report that:

The Board of Directors of the Company is not duly constituted properly in terms the Companies Act, 2013 and RBI guidelines. The Board of Directors of the Company does not have any Executive Director or Whole-time Director.

We further report that the Company has defaulted in repayment of its foreign loan dues. During the year 2020, internal corporate fraud was reported by four senior executives in October, 2020 and the Company took steps to conduct a fact based investigation through an outside agency. On the basis of the fact based report, the Company took necessary steps to ensure transparency in the conduct of the affairs of the Company by withdrawing the powers of the MD & CEO and removing one Independent director as well as the Chairman and the MD & CEO who are alleged to have perpetrated the fraud. The power of CFO was also withdrawn. The Company has also defaulted in its loan repayment to various lenders.

However, on inspection of the signatory details of the Company, the cessation of Mr. Deepak Kindo, MD & CEO and Mr. Livinus Kindo, Chairman and Mr. James Dinesh Raj, CFO is still showing as continuing officials. The e-form DIR-12 filed by the Company for removal of MD, CEO and Chairman has not been approved by the Registrar of Companies, Cuttack, Odisha.

Adequate Notice is given to all Directors, except the Directors removed, to Schedule the Board Meetings, Agenda and Detailed Notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.



As per explanation given by the management, we further report that during the audit period, the Company has not borrowed money from any bank and financial institution.

During the period of Audit, we could not ascertain whether the Company has filed some of the Statutory Returns with authorities under applicable laws.

For Gopinath Nayak & Associates

Place: Bhubaneswar
Date: 18/08/2023



A handwritten signature in blue ink, appearing to read "Gopinath Nayak".

FCS Gopinath Nayak
Partner
Mem No: 6251
CP No: 6558
UDIN: F006251E000820196

**COMMENTS OF THE BOARD OF DIRECTORS ON THE OBSERVATIONS
IN THE REPORT OF THE COMPANY SECRETARY IN PRACTICE FOR
THE YEAR 2022-23**

Observations of the Company Secretary in practice	Comments of the Board
<p>We further report that the Company does not have a Whole-time Company Secretary, Chief Financial Officer or a Whole-time Director in violation of provisions of Section 196 and 203 of the Companies Act, 2013</p>	<p>Shareholders have removed the MD& CEO on the ground of fraud as per the E&Y Report and DIR-12 has been filed with ROC to this effect which has not been considered by ROC. CFO and CS have resigned and considering the non continuance of the NBFC activities after cancellation of CoR by RBI, the said posts have not been filled up. The Company made efforts to appoint a Company Secretary .However, he preferred not to join citing fraud perpetrated in the company. The Board appointed a practicing Company Secretary as consultant for compliances as per Companies Act. SFPL is a private limited company .So section 203(1) of the Companies Act, 2013 is not applicable to SFPL for appointment of whole time director and CFO.</p>
<p>We further report that :</p> <p>The Board of Directors of the Company is not duly constituted properly in terms the Companies Act, 2013 and RBI guidelines. The Board of Directors of the Company does not have any Executive Director or Whole-time Director.</p>	<p>Shareholders have removed the MD &CEO on the ground of fraud perpetrated by the MD& CEO as per the E&Y Report. Subsequent to the above, RBI cancelled the CoR and in the absence of NBFC-MFI activities (except collection of book debts) as per RBI direction.</p>
<p>During the period of Audit, we could not ascertain whether the Company has filed some of the Statutory Returns with authorities under applicable Laws.</p>	<p>The present management has taken care of the compliances under applicable regulations</p>

