

INDEPENDENT AUDITORS' REPORT

To

The Members of **Challani Capital Limited** (Previously Indo Asia Finance Limited.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of **CHALLANI CAPITAL LIMITED** (Previously Indo Asia Finance Limited (the "Company")), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

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

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act

and the Rules made there under, 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including annexure to Board's Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015, 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet and the statement of profit and loss dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act
 - e) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - f) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2024 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 control over the 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- Ref: Note No.37 to the standalone Ind AS financial statements
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. During the current financial year, the company has not declared any dividend due to accumulated loss.

For RSM AND ASSOCIATES

Chartered Accountants

FRN : 002813S

CA RENUKA RAMESH

Partner

M.No. 205295

UDIN: 24205295BKDBFL6025

Date : 25.05.2024

Place : Chennai

“Annexure A” to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2024, we report that:

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner on regular intervals. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. According to the information and explanation given to us and on the basis of our examination of the records of the company, No proceedings have been initiated during the year or are pending against the company as at March 31st 2024 for holding any benami property under the Benami Transaction (Prohibition) Act. 1988 (As amended in 2016) and rules made thereunder.
- (ii) According to the information and explanations given to us, the company has granted loans, Secured or unsecured to companies, firms, or other parties covered in the Register maintained under Sec 189 of the Companies Act, 2013, in respect of which:
 - a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the company's interest.
 - b. The schedule of repayment principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - c. There is no amount of overdue for more than 90days at the balance sheet date.
- (iii) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activity of the company does not involve any purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.

- (vi) The central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- (v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.. As explained to us, the Company did not have any dues on account of employees' state insurance. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, GST duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March, 2024 for a period of more than six months from the date they became payable.
- (vi) Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions and banks during the year.
- (vii) The Company has appointed an internal auditor who submits reports on a monthly basis to the board of directors and based on his observations corrective action is being initiated by the board. For the purpose of this audit we have taken into consideration the internal audit reports and corrective actions initiated and arrived at our conclusions.
- (viii) The company as per requirements of Stock exchange has appointed a woman director in the board.
- (x) The company as per the norms stipulated for NBFC by RBI has provided for bad debts. Detailed picture of provision has been provided in the notes on accounts
- (xi) The company does not have any debentures outstanding as at the end of the financial year.
- (xii) The company has not entered into any non-cash transactions with directors or persons connected with him as specified under the provisions of section 192 of Companies Act 2013.
- (xiii) The company on account of accumulated losses has not declared any dividend to the shareholders during the current year.

- (xiv) The company had paid TDS, Income Tax, and other statutory liabilities in time and we observe that there is no default in this regard. However certain Income Tax proceeding are pending and according to the information and explanations given to us there is the net Income Tax Refund due to company. Hence no provision has been made in the accounts.
- (xv) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company did not have any term loan outstanding during the year.
- (xvii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For RSM AND ASSOCIATES

Chartered Accountants

FRN : 002813S

CA RENUKA RAMESH

Partner

M.No. 205295

UDIN: 24205295BKDBFL6025

Date : 25.05.2024

Place : Chennai

**“Annexure B” to the Independent Auditors' Report of even date on the Standalone
Financial Statements of Challani Capital Limited (Previously Indo Asia Finance
Limited)**

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

We have audited the internal financial control over financial reporting of Challani Capital Limited (Previously Indo Asia Finance Limited) as of March 31, 2024 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 control based on Internal Audit Report which is reviewed by the board on monthly basis and action initiated wherever necessary. 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on Internal Audit Report which is reviewed by the board on monthly basis and action initiated wherever necessary.

For RSM AND ASSOCIATES

Chartered Accountants

FRN : 002813S

CA RENUKA RAMESH

Partner

M.No. 205295

UDIN: 24205295BKDBFL6025

Date : 25.05.2024

Place : Chennai

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
BALANCE SHEET

(All Amounts are in Indian Rupees unless Specifically Mentioned)

PARTICULARS	Note No.	As at		
		31-Mar-24	31-Mar-23	31-Mar-22
ASSETS				
[a] Financial Assets				
Cash and cash equivalents	5	6,14,925	70,50,018	2,19,19,741
Receivables				
(i) Other receivables				
Loans	6	3,37,45,626	3,07,69,203	15,51,600
Investments	7	3,03,495	3,03,495	3,03,495
Other financial assets	8	4,18,019	4,10,837	13,75,837
[b] Non-Financial Assets				
Current Tax Assets	9	1,36,33,514	1,36,32,116	1,34,90,028
Deferred tax assets		42,61,415	42,61,415	42,61,415
Property, Plant & Equipment	10	31,27,396	31,67,381	36,02,368
Other Intangible Assets		-		
Other Non-Financial Assets	11	10,00,000	10,00,000	-
TOTAL ASSETS		5,71,04,390	6,05,94,465	4,65,04,484
LIABILITIES AND EQUITY				
LIABILITIES				
[a] Financial liabilities				
Payables				
(i) Other payables				
(a) Total outstanding dues of creditors other than micro enterprises and small enterprises	12	72,043	23,582	6,293
Debt securities				
Borrowings (other than debt securities)	13	-	87,61,616	55,36,867
Other financial liabilities	14	3,25,758	2,13,041	2,86,212
[b] Non-Financial Liabilities				
Other Non-Financial Liabilities	15	81,887	37,456	2,24,900
TOTAL LIABILITIES [a+b]		4,79,688	90,35,695	60,54,272
[c] Equity				
Equity share capital	16	15,00,00,000	15,00,00,000	15,00,00,000
Other equity	17	(9,33,75,297)	(9,84,41,230)	(10,95,49,788)
TOTAL EQUITY [c]		5,66,24,703	5,15,58,770	4,04,50,212
TOTAL LIABILITIES & EQUITY [a+b+c]		5,71,04,390	6,05,94,465	4,65,04,484

Summary of Significant Accounting Policies are covered under Note 4

The Accompanying notes are an integral part of Financial Statements

As per our report of even date

For RSM AND ASSOCIATES
Chartered Accountants
FRN : 002813S

Padam J Challani
Managing Director
DIN : 00052216

Swapna Pawan Kochar
Director
DIN : 02262562

CA RENUKA RAMESH
Partner
M.No. 205295
UDIN: 24205295BKDBFL6025

C Madhavan
Chief Financial Officer

V Sundar
Company Secretary

Place : Chennai
Date : 25.05.2024

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024

PARTICULARS	FOR THE YEAR ENDED 31-03-2024		FOR THE YEAR ENDED 31-03-2023	
I CASH FLOW FROM OPERATING ACTIVITY				
a. Net profit before tax & Extraordinary item	50,65,933		1,11,08,559	
b. Adjustment for non-cash & non-operating items				
Add : Non-operating & Non-Cash Expenses				
Depreciation debited to P&L A/c	39,985		1,10,867	
profit on sale of Fixed assets	-		(41,75,880)	
Interest of Fixed Deposits	-		(2,70,587)	
Exceptional items	-		(41,85,000)	
Provision and written off	2,31,596		16,66,218	
	53,37,514		42,54,177	
Less : Non-Operating & Non-Cash income				
Dividend	(14,940)		(8,660)	
c. Operating Profit before Working Capital changes	53,22,574		42,45,517	
Adjustment for working capital changes				
- Decrease / (Increase)in working capital	(1,17,72,608)		(3,11,19,236)	
d. Cash Generated from operations	(64,50,034)		(2,68,73,719)	
e. Less : Taxes Paid	-		-	
i. Income Taxes Paid				
f. Cash Flow Before Extra ordinary item	(64,50,034)		(2,68,73,719)	
g. Extradinary Item			-	
Net Cash from Operating Activity	(64,50,034)	(64,50,034)	(2,68,73,719)	(2,68,73,719)
II CASH FLOW FROM INVESTMENTS ACTIVITY				
a. Dividend Received	14,940		8,660	
b. Interest on Fixed Deposits	-		2,70,587	
c. Sale of Fixed Asset			45,00,000	
Net cash used in Investing activity	14,940	14,940	47,79,247	47,79,247
III CASH FLOW FROM FINANCING ACITIVITY				
a. Proceeds from unsecured loans			72,24,749	
Net Cash used in financing activity	-	-	72,24,749	72,24,749
IV NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (I+II+III)		(64,35,094)		(1,48,69,723)
V Opening Cash & Cash Equivalents				
a. Cash in Hand & Nationalized banks	70,50,018		2,19,19,741	
		70,50,018		2,19,19,741
VI Closing balance of cash & Cash Equivalents		6,14,925		70,50,018
Reconciliation				
Closing balance of Cash & Cash Equivalents				
a. Cash in Hand & Nationalized banks	6,14,925		70,50,018	
	NIL	6,14,925		70,50,018

Notes :

- a. Figures in brackets represents outflows.
- b. Previous year figures have been recast/restated wherever necessary.
- c. Gross effect given for item No. I(b) and III(d)

As Per our Report of Even date

For RSM AND ASSOCIATES

Chartered Accountants

FRN : 002813S

CA RENUKA RAMESH

Partner

M.No. 205295

UDIN: 24205295BKDBFL6025

Place : Chennai

Date : 25.05.2024

for and on behalf of the Board
for Challani Capital Limited

Padam J Challani
Managing Director

DIN : 00052216

C Madhavan
Chief Financial Officer

Swapna Pawan Kochar
Director

DIN : 02262562

V Sundar
Company Secretary

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Statement of Profit and Loss

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Particulars	Note No.	For the Year Ended	
		31-Mar-24	31-Mar-23
[a] REVENUE FROM OPERATIONS			
Interest income	18	83,19,333	62,69,412
Dividend income		14,940	8,660
Other Operating Income	19	35,98,320	24,79,738
		1,19,32,593	87,57,810
[b] OTHER INCOME			
Other Income	20	-	44,46,467
TOTAL INCOME [a+b]		1,19,32,593	1,32,04,277
[c] EXPENSES			
Finance cost			
Fee and Consultancy Expense	21	30,94,120	18,32,292
Employee Benefits Expenses	22	20,52,207	18,02,026
Depreciation, Amortisation and Impairment	10	39,985	1,10,867
Provisions /Write offs	23	2,31,596	16,66,218
Other Expenses	24	14,48,751	8,69,316
TOTAL EXPENSES [c]		68,66,660	62,80,719
[d] Profit / (Loss) before Exceptional Items and Tax [(a+b)-c]		50,65,933	69,23,559
[e] Exceptional Items	25	-	41,85,000
[f] Profit / (Loss) Before Tax [d+e]		50,65,933	1,11,08,559
[g] Tax Expense:			
Current tax		-	-
Deferred tax		-	-
		-	-
[h] Profit / (Loss) after Tax [d-e]		50,65,933	1,11,08,559
[i] Other Comprehensive Income			
<i>Items that will be reclassified to profit or loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>		-	-
TOTAL OTHER COMPREHENSIVE INCOME [g]		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR [h]		50,65,933	1,11,08,559
EARNINGS PER SHARE			
Basic (Rs.)		0.34	0.74
Diluted (Rs.)		0.34	0.74

Summary of Significant Accounting Policies are covered under Note 4

The Accompanying notes are an integral part of Financial Statements

As per our report of even date

For RSM AND ASSOCIATES
Chartered Accountants
FRN : 002813S

Padam J Challani
Managing Director
DIN : 00052216

Swapna Pawan Kochar
Director
DIN : 02262562

CA RENUKA RAMESH
Partner
M.No. 205295
UDIN: 24205295BKDBFL6025

C Madhavan
Chief Financial Officer

V Sundar
Company Secretary

Place : Chennai
Date : 25.05.2024

1. CORPORATE INFORMATION

Challani Capital Limited (Previously Indo Asia Finance Limited) (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and are primarily engaged in the business of financing commercial vehicles. The Company is registered with the Reserve Bank of India (RBI), Ministry of Corporate Affairs.

The Company is registered with the Reserve Bank of India (RBI) with Registration No. 07-00308 as a non – deposit accepting NBFC and also with the Ministry Of Corporate affairs vide CIN L65191TN1990PLC019060 operating from its registered office located at No.15, New Giri Road, T Nagar, Chennai - 600 017.

The audited financial statements were subject to review and approval of Board of Directors on 25.05.2024 subject to which the same was recommended as the audited financial statements for consideration and adoption by the shareholders in its annual general meeting.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company– Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (‘the NBFC Master Directions’) issued by RBI. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

3. PRESENTATION OF FINANCIAL STATEMENT

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

4. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Income

(i) Interest income

The Company recognizes interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortized cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset

or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 3.4(i)] regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 3.4(i)], the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/nonpayment of contractual cash flows is recognised on realisation. Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Dividend income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115

'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Fees and commission

The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognises gains/losses

on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

(c) Sale of services

The Company, on de-recognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit or loss and, correspondingly creates a service asset in Balance Sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognized as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 ‘Financial instruments’.

Other revenues on sale of services are recognised as per Ind AS 115 ‘Revenue from Contracts with Customers’ as articulated above in ‘other revenue from operations’.

(d) Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

(iv) Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable.

(b) Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR [refer note no. 3.1(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

(iii) Taxes

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment inequity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into four categories:

- Debt instruments at amortised cost
- Debt instruments at FVOCI
- Debt instruments at FVTPL
- Equity instruments designated at FVOCI
- Debt instruments at amortised cost

Debt Instruments at amortised Cost

The Company measures its financial assets at amortised cost if both the following conditions are met:

1. The asset is held within a business model of collecting contractual cash flows; and
2. Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the nature of portfolio and the period for which the interest rate is set.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the

Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios in the books of the Company, it may sell these portfolios to banks and/or asset reconstruction companies.

After initial measurement, such financial assets are subsequently measured at amortised cost on effective interest rate (EIR). For further details, refer note no. 3.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

Debt instruments at FVOCI

The Company subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

1. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
2. Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as long term investments in Government securities to meet regulatory liquid asset requirement of the Company's deposit program and mortgage loans portfolio where the Company periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

Debt instruments at FVTPL

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend incomes are recorded in interest income and dividend income, respectively according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

The Company's investments into mutual funds, Government securities (trading portfolio) and certificate of deposits for trading and short term cash flow management have been classified under this category.

Equity investments designated under FVOCI

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The Company has strategic investments in equity for which it has elected to present subsequent changes in the fair value another comprehensive income. *The classification is made on initial recognition and is irrevocable.*

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

Derecognition of Financial Assets

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

1. The right to receive cash flows from the asset have expired; or
2. The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:

1. the carrying amount (measured at the date of derecognition) and
2. the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Impairment of financial assets

ECL are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for

which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

1. Contractual payments of either principal or interest are past due for more than 90 days;
2. The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months— post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioral trends of default across the

identified homogenous portfolios. These past trends factor in the past customer behavioral trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioral trends witnessed

for each homogenous portfolio using application/behavioral score cards and other performance indicators, determined statistically.

Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

1. Determination of PD is covered above for each stages of ECL.
2. EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
3. LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

(ii) Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(e) Investment in subsidiaries

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period.

Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost. The company does not have any subsidiary on the reporting date.

(f) Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

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

(g) Property, plant and equipment

Property, plant, and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

Depreciation on property, plant, and equipment

(a) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets, except buildings which is determined on written down value method.

(b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

(c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.

(d) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

(e) Tangible assets which are depreciated over a useful life that is different than those indicated in Schedule II areas under:

(f) Assets having unit value up to H 5,000 is depreciated fully in the financial year of purchase of asset.

(g) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognised.

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

(h) Intangible assets and Amortisation thereof

Intangible assets, representing software's are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The intangible assets are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

(j) Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(k) Foreign currency translation

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency. The recognition and conversion process of foreign currency are not been mentioned here as the company doesn't deal with any foreign currency transactions during the aforesaid period.

(l) Labour Law Coverage

The Company have analyzed the applicability and recognition of Gratuity liability, Provident Fund, Superannuation Payments, Employee State Insurance Schemes, etc. and have observed that the number of employees engaged in the business operations are less than the statutory limits to make the entity covered under the provisions of the respective Act.

With respect to payments of Provident Fund the entity ensures to discharge the statutory liability within the due dates by creating a liability on the period ending monthly for the relevant months.

(m) Employee Stock Option Scheme

The Company does not operate Employee Stock Option Scheme hence there is no recognition or revaluation pertaining to the ESOP Scheme.

(n) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on these of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company acting as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases. Basis of the above principle, all leases entered into by the Company as a lessee have been classified as operating leases.

Lease payments under an operating lease is recognised on an accrual basis in the Statement of Profit and Loss.

(o) Fair value measurement

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest

level input that is significant to the fairvalue measurement as a whole. For a detailed information on the fair value hierarchy.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

(p) Earnings Per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Statement of Changes in Equity

Equity Share Capital

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Balance at the Beginning of the Year	15,00,00,000	15,00,00,000
Changes in Equity during the Year	-	-
Balance at the end of the year	15,00,00,000	15,00,00,000

Other Equity

For the year ending 31 March 2024

Particulars	Note No.	Reserves & Surplus				Total
		Reserve Fund as per RBI Act	Capital Reserve	General Reserve	Retained Earnings	
Balance as at 31 March 2023	17	2,80,75,550	72,000	42,50,000	(13,08,38,780)	(9,84,41,230)
Profit after Tax					50,65,933	50,65,933
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		32,34,898	-	-	(32,34,898)	-
Balance as at 31 March 2024		3,13,10,448	72,000	42,50,000	(12,90,07,746)	(9,33,75,297)

As per our report of even date

For RSM AND ASSOCIATES

Chartered Accountants
FRN : 002813S

Padam J Challani
Managing Director
DIN : 00052216

Swapna Pawan Kochar
Director
DIN : 02262562

CA RENUKA RAMESH

Partner
M.No. 205295
UDIN: 24205295BKDBFL6025

Place : Chennai
Date : 25.05.2024

C Madhavan
Chief Financial Officer

V Sundar
Company Secretary

CHALLANI CAPITAL LIMITED
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NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note : 5 - Cash & Cash Equivalents

Particulars	3/31/2024	3/31/2023	3/31/2022
Cash on hand	10,847	16,115	35,982
Balances with banks	6,04,078	70,33,904	2,18,83,760
Total	6,14,925	70,50,018	2,19,19,741

The Company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

Note : 6 - Loans

Particulars	At Amortized Cost		
	3/31/2024	3/31/2023	3/31/2022
(a) Term Loans	-	-	-
Less : Impairment Loss Allowance	-	-	-
(b) Commercial Vehicle Finance	35,01,980	35,01,980	25,86,000
Less : Impairment Loss Allowance	28,17,000	25,90,066	10,34,400
	6,84,980	9,11,914	15,51,600
(b) Loan Against Property	2,40,26,342	1,65,10,454	
Less : Impairment Loss Allowance	56,606	63,602	
	2,39,69,736	1,64,46,852	
(c) Factoring	90,90,910	1,34,10,437	
Less : Impairment Loss Allowance	-	-	-
	90,90,910	1,34,10,437	
TOTAL	3,37,45,626	3,07,69,203	15,51,600
(c) Out of Above			
Secured			
Against Hypothecation of Vehicle	35,01,980	35,01,980	25,86,000
Against Hypothecation of Property	2,40,26,342	1,65,10,454	
Less : Impairment Loss Allowance	28,73,606	26,53,668	10,34,400
	2,46,54,716	1,73,58,766	15,51,600
Unsecured			
Factoring	90,90,910	1,34,10,437	
Less : Impairment Loss Allowance	-	-	-
	90,90,910	1,34,10,437	-
TOTAL	3,37,45,626	3,07,69,203	15,51,600
(d) Out of Above			
Loans in India			
(i) Public Sector Lending	-	-	-
Less : Impairment Loss Allowance	-	-	-
	-	-	-
(ii) Other Lending	3,66,19,232	3,34,22,871	25,86,000
Less : Impairment Loss Allowance	28,73,606	26,53,668	10,34,400
	3,37,45,626	3,07,69,203	15,51,600
Loans Outside India	-	-	-
TOTAL	3,37,45,626	3,07,69,203	15,51,600

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Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Summary of Loan by Stage Distribution

Particulars	As at 31st March 2024		
	Stage 1	Stage 2	Stage 3
Gross Carrying Amount	3,31,17,252	35,01,980	-
Less : Impairment Loss Allowance	56,606	28,17,000	-
Net Carrying Amount	3,30,60,646	6,84,980	-

Particulars	As at 31st March 2023		
	Stage 1	Stage 2	Stage 3
Gross Carrying Amount	2,99,20,891	35,01,980	-
Less : Impairment Loss Allowance	63,602	25,90,066	-
Net Carrying Amount	2,98,57,289	9,11,914	-

Particulars	As at 31st March 2022		
	Stage 1	Stage 2	Stage 3
Gross Carrying Amount	-	25,86,000	-
Less : Impairment Loss Allowance	-	10,34,400	-
Net Carrying Amount	-	15,51,600	-

Note : 7 - Investments

Particulars	At Amortized Cost		
	3/31/2024	3/31/2023	3/31/2022
(a) At Amortized Cost	-	-	-
(b) At fair value through other comprehensive income	-	-	-
(c) At fair value through Profit and Loss Account			
(i) Government Securities	-	-	-
(ii) Other Equity Instruments			
Equity Shares	3,03,495	3,03,495	3,03,495
	3,03,495	3,03,495	3,03,495
(d) At Cost			
Investment in Subsidiaries	-	-	-
Details are given in Annexure			
TOTAL	3,03,495	3,03,495	3,03,495
Out of Above			
(a) In India	3,03,495	3,03,495	3,03,495
(b) Outside India	-	-	-
TOTAL	3,03,495	3,03,495	3,03,495

Note : 8 - Other Financial Asset

Particulars	3/31/2024	3/31/2023	3/31/2022
Security deposits			
Rental Advance	2,05,000	2,05,000	11,70,000
Telephone /Electricity Deposits	1,01,232	1,01,232	1,01,232
Deposits with Sales -tax Department	92,120	92,120	92,120
Other Advances recoverable in Cash or in kind or Value to be received	19,667	12,485	12,485
Total	4,18,019	4,10,837	13,75,837

(Previously Indo Asia Finance Limited)
NO.15, New Gird Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note : 9 - Current Tax Asset

Particulars	3/31/2024	3/31/2023	3/31/2022
Income Tax Net	1,36,33,514	1,36,32,116	1,34,90,028
Total	1,36,33,514	1,36,32,116	1,34,90,028

• Provision for current tax is made after taking into consideration benefits admissible under provisions of Income Tax Act, 1961. Deferred Tax resulting from 'timing difference' between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The Deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future. While company has made provision for deferred tax no provision has been made for current tax on account of losses. After examining the status of the various tax proceedings at the assessment and appellate levels, the quantum of income tax refund receivable has been revised and the differential amount in this regard amounting to Rs78,66,676 lakhs which is no longer considered as receivable has been written off for the FY 2021-22.

Note : 11 - Other Non- Financial Asset

Particulars	3/31/2024	3/31/2023	3/31/2022
Other Receivables	10,00,000	-	-
TOTAL	10,00,000	-	-

Note : 12 - Financial Liability - Other Payable

Particulars	3/31/2024	3/31/2023	3/31/2022
(a) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	72,043	23,582	6,293
TOTAL	72,043	23,582	6,293

Note : 13 - Borrowings other than Debt Securities

Particulars	3/31/2024	3/31/2023	3/31/2022
(a) At Amortized Cost			
(i) Secured	-	-	-
(ii) Unsecured			
Borrowings from related parties	-	87,61,616	55,36,867
TOTAL	-	87,61,616	55,36,867
Out of Above			
(i) In India	-	87,61,616	55,36,867
(ii) Out of India	-	-	-
	-	87,61,616	55,36,867
Party	Relationship		
Saravana Global Holdings Ltd.	Associate Company		

(Previously Indo Asia Finance Limited)
NO.15, New Girdi Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note : 14 - Other Financial Liabilities

Particulars	3/31/2024	3/31/2023	3/31/2022
Salary Payable	2,00,758	1,38,041	2,36,212
Audit Fees Payable	1,25,000	75,000	50,000
TOTAL	3,25,758	2,13,041	2,86,212

Note : 15 - Other Non- Financial Liabilities

Particulars	3/31/2024	3/31/2023	3/31/2022
TDS Payable	61,637	21,706	24,150
Rent Payable	20,250	15,750	2,00,750
TOTAL	81,887	37,456	2,24,900

Note : 16 - Equity Share Capital

Particulars	3/31/2024	3/31/2023	3/31/2022
Authorized:			
1,55,10,000 Equity Shares of Rs.10/- each	15,51,00,000	15,51,00,000	15,51,00,000
Issued share capital			
15000000 (Preceding the Previous year 9000000) Equity Shares of Rs.10/- each	15,00,00,000	15,00,00,000	15,00,00,000
Subscribed share capital			
15000000 (Preceding the Previous year 9000000) Equity Shares of Rs.10/- each	15,00,00,000	15,00,00,000	15,00,00,000
Paid up (fully paid up) Share Capital			
Equity shares			
15000000 (Preceding the Previous year 9000000) Equity Shares of Rs.10/- each	15,00,00,000	15,00,00,000	15,00,00,000
Share Application Money			
TOTAL	15,00,00,000	15,00,00,000	15,00,00,000

Equity Shares : The Company has one class of equity shares having a face value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	No.s	Amount
As at 01.04.2021	90,00,000	9,00,00,000
Movements during the year	60,00,000	6,00,00,000
As at 31.03.2022	1,50,00,000	15,00,00,000
As at 01.04.2022	1,50,00,000	15,00,00,000
Movements during the year	-	-
As at 31.03.2023	1,50,00,000	15,00,00,000
As at 01.04.2023	1,50,00,000	15,00,00,000
Movements during the year	-	-
As at 31.03.2024	1,50,00,000	15,00,00,000

(Previously Indo Asia Finance Limited)
NO.15, New Gird Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Details of Share Holders more than 5%

Share Holder	Percentage of Shares held	No of Shares Held
Saravana Global Holdings Ltd.	40.01%	6002009
Mrs. P Shobha	34.36%	5154154

Note : 17 - Other Equity

Particulars	3/31/2024	3/31/2023	3/31/2022
Reserve Fund as per RBI Act			
Balance at the beginning of the year	2,80,75,550	2,80,75,550	2,80,75,550
Movement during the year	32,34,898	-	-
Balance at the end of the year	3,13,10,448	2,80,75,550	2,80,75,550
Capital Reserve			
Balance at the beginning of the year	72,000	72,000	72,000
Movement during the year	-	-	-
Balance at the end of the year	72,000	72,000	72,000
General Reserve			
Balance at the beginning of the year	42,50,000	42,50,000	42,50,000
Movement during the year	-	-	-
Balance at the end of the year	42,50,000	42,50,000	42,50,000
Retained Earnings			
Balance at the beginning of the year	(13,08,38,780)	(14,19,47,338)	(5,26,98,410)
Movement during the year	18,31,035	1,11,08,558	(8,92,48,928)
Balance at the end of the year	(12,90,07,746)	(13,08,38,780)	(14,19,47,338)
Total Other Equity	(9,33,75,297)	(9,84,41,230)	(10,95,49,788)

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note 10 : Statement of Property, Plant & Equipment

S.No.	Particulars	Gross Block (Cost / Valuation)			DEPRECIATION					Net Block		
		As At	Additions	Disposals	As At	Up to	Chargeduring the Period		Disposals	Up to	As At	As At
		31.03.2023			31.03.2024	31.03.2023	TO P&L	TO R&S		31.03.2024	31.03.2023	31.03.2024
	Tangibles											
1	Land	19,56,985	-	-	19,56,985	-	-	-	-	-	19,56,985	19,56,985
2	Building	15,67,658	-	-	15,67,658	4,47,400	23,082	-	-	4,70,482	11,20,258	10,97,176
3	Plant & Machinery	9,66,850	-	-	9,66,850	9,54,353	2,656	-	-	9,57,009	12,497	9,841
4	Furniture & Fittings	52,33,322	-	-	52,33,322	52,33,322	-	-	-	52,33,322	-	-
5	Electrical Installation	2,36,464	-	-	2,36,464	2,36,464	-	-	-	2,36,464	-	-
6	Office Equipments	73,84,826	-	-	73,84,826	73,07,185	14,247	-	-	73,21,432	77,641	63,394
7	Vehicles	79,14,504	-	-	79,14,504	79,14,504	-	-	-	79,14,504	-	-
		2,52,60,609	-	-	2,52,60,609	2,20,93,228	39,985	-	-	2,21,33,213	31,67,381	31,27,396
	Intangibles											
8	Computer Software	8,89,461	-	-	8,89,461	8,89,461	-	-	-	8,89,461	-	-
		8,89,461	-	-	8,89,461	8,89,461	-	-	-	8,89,461	-	-
	TOTAL	2,61,50,070	-	-	2,61,50,070	2,29,82,689	39,985	-	-	2,30,22,674	31,67,381	31,27,396

Valuation :

Fixed Assets are stated at historical cost less accumulated depreciation.

Depreciation :

Depreciation on owned assets have been provided under Straight Line Method at the rates prescribed in Schedule II of the Companies Act, 2013. Pursuant to schedule II of the Companies Act, 2013 the changes in the useful life of the assets are adjusted against reserves & surplus.

Summary of Significant Accounting Policies are covered under Note 3

The Accompanying notes are an integral part of Financial Statements

As per our report of even date

For RSM AND ASSOCIATES

Chartered Accountants

FRN : 002813S

Padam J Challani

Managing Director

DIN : 00052216

Swapna Pawan Kochar

Director

DIN : 02262562

CA RENUKA RAMESH

Partner

M.No. 205295

UDIN: 24205295BKDBFL6025

Place : Chennai

Date : 25.05.2024

C Madhavan

Chief Financial Officer

V Sundar

Company Secretary

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note : 18 - Interest Income

Particulars	Financial Assets - Measures at Amortized Cost	
	3/31/2024	3/31/2023
Interest on Loan	64,91,762	54,14,637
Interest on factoring	18,27,571	8,54,775
Total	83,19,333	62,69,412

Note : 19 - Other Operating Income

Particulars	3/31/2024	3/31/2023
Bad Debts Recovered	34,38,152	24,77,699
Penal Interest Received	1,60,168	2,039
Total	35,98,320	24,79,738

Note : 20 - Other Income

Particulars	3/31/2024	3/31/2023
Interest on Fixed Deposit	-	2,70,587
Profit From Sale of Fixed Assets	-	41,75,880
Total	-	44,46,467

Note : 21 - Fee & Consultancy Expense

Particulars	3/31/2024	3/31/2023
Fees and Subscription	6,12,662	5,07,955
Professional and Consultation Fees	24,81,458	13,24,337
Total	30,94,120	18,32,292

Note : 22 - Employee Benefit Expenses

Particulars	3/31/2024	3/31/2023
Salaries, other allowance and bonus	20,46,357	18,01,426
Staff welfare expenses	5,850	600
Total	20,52,207	18,02,026

Note : 23 - Provision and Write off

Particulars	3/31/2024	3/31/2023
Provision for Standard and substandard assets	2,19,939	16,19,267
Write off- Non Performing Assets	11,657	46,951
Total	2,31,596	16,66,218

(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note : 24 - Other Expenses

Particulars	3/31/2024	3/31/2023
Rent	2,55,000	2,10,000
Rates and Taxes	1,07,373	50,862
Communication expenses	1,51,204	1,32,616
Commission expense	85,000	
Travelling and Conveyance	1,02,891	1,01,822
Printing and Stationery	1,81,215	18,078
Advertisement charges	47,220	67,913
Electricity expenses	1,31,612	1,22,372
Bank charges and Commission	631	3,265
Audit Fees	50,000	25,000
Directors remuneration & Sitting fees	80,000	1,00,000
Computer maintenance	3,540	15,000
Repairs and Office maintenance	2,00,782	11,000
Miscellaneous Expenses	52,284	11,388
Total	14,48,751	8,69,316

Note : 25 - Exceptional Items

Particulars	3/31/2024	3/31/2023
Income- Write back of Loan	-	(40,00,000)
Income - Write back of Rent Payable	-	(1,85,000)
Total	-	(41,85,000)

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note : 26 - Earnings Per Share

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

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

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	3/31/2024	3/31/2023
(a) Net Profit attributable to equity Share holders	50,65,933	1,11,08,559
(b) Weighted average number of equity shares for basic earnings per share	1,50,00,000	1,50,00,000
Effect of Dilution	-	-
(c) Weighted average number of equity shares for diluted earnings per share	1,50,00,000	1,50,00,000
Earnings Per Share (Basic) (A/B)	0.34	0.74
Earnings Per Share (Diluted) (A/C)	0.34	0.74

Note : 27 - Segmental Information

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

Note : 28 - Leasing Commitments

The Company's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellations by either party or certain agreements contains clause for escalation of lease payments. The non-cancellable operating lease agreements are ranging from 36 to 60 months.

The total future minimum lease rentals payable at the Balance Sheet date for non-cancellable portion of the leases are as under:

Particulars	3/31/2024	3/31/2023
Minimum Lease Obligations:		
Not Later than one year	67,500	67,500
Later than one year but not later than five years		
Later than five years	-	-

Note : 29 - Unhedged Foreign Currency Exposure

The Company operates in domestic area and does not involve any foreign currency. Hence the company does not have any foreign currency exposure

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note : 30 - Disclosure of related party transaction

Name	Relationship	Nature of transaction
Saravana Global Energy Limited	Associate Company	Factoring
Saravana Global Holdings Ltd.	Associate Company	Borrowings
Saravana Housing Ltd.	Associate Company	Sale of Fixed Asset

Particulars	3/31/2024	3/31/2023
Loan Write Back Saravana Global Holdings Limited		40,00,000
Factoring Saravana Global Energy Limited	6,10,23,703	
Receivable Saravana Global Energy Limited	90,90,910	
Saravana Housing Ltd.	10,00,000	

Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on an arms' length basis. All outstanding balances are to be settled in cash and are unsecured.

Note : 31 - Capital

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

(i) Capital management

Objective

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks- which include credit, liquidity and interest rate.

The Company monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis through its Assets Liability

Management Committee (ALCO)

The Company endeavors to maintain its CRAR higher than the mandated regulatory norm.

Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

The Company's dividend distribution policy states that subject to profit, the Board shall endeavor to maintain a dividend payout (including dividend distribution tax) of around 15% of profits after tax on standalone financials, to the extent possible.

Regulatory Capital

In Lakhs

Particulars	3/31/2024	3/31/2023
Tier I Capital	523.63	472.97
Tier II Capital	-	-
	523.63	472.97
Risk Weighted Assets (RWA)	385.07	380.09
Tier I CRAR (%)	135.98	124.44
Tier II CRAR	-	-

Particulars	3/31/2023	3/31/2022
Tier I Capital	472.97	364.48
Tier II Capital	-	-
	472.97	364.48
Risk Weighted Assets (RWA)	380.09	68.68
Tier I CRAR [%]	124.44	530.69
Tier II CRAR	-	-

Note : 32 - Events after reporting date

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

Note : 33 - Fair Values

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement of both financial and non-financial instruments.

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

Fair Value of investments held in the long run by the entity for which the company has adopted to value the same to fair value through Profit and Loss Account as the same is not having a more effect on the financial position of the entity

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, investments in equity instruments designated at FVOCI, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

Note : 34 - Risk Management objectives and Policies

A summary of the major risks faced by the Company, its measurement monitoring and management are described as under:

Liquidity Risk

Liquidity risk arises from mismatches in the timing of cash flows.

Funding risk arises:

1. when long term assets cannot be funded at the expected term resulting in cashflow mismatches;
2. Amidst volatile market conditions impacting sourcing of funds from banks and money markets

The company actively measures the gap and held meetings to mitigate and overcome this risk factor. A separate responsibility is held with the treasury team which oversees and manages this risk

Interest Rate Risk

Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.

Interest rate risk is:

1. measured using Valuation at Risk ('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income.
2. Monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities.

The same is managed by the Company's treasury team under the guidance of ALCO.

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Notes Forming Part of Financial Statements

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Credit Risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. The company assesses the credit quality of all financial instruments that are subject to credit risk.

Credit risk is:

1. Measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various matrices such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk.

2. Monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks.

3. Managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle Management team comprising of risk, analytics, collection and fraud containment along with business.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;

Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;

Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD).

For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD. The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) along with an adjustment considering forward macro economic conditions

For a detailed note for methodology of computation of ECL please refer to significant accounting policies to the financial statements. Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

Note : 35

Amounts less than Rs. 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.

Note 36.

The pending litigations as on 31st March 2024 have been compiled by the company and reviewed by the Statutory Auditors. The current position of the litigation has been evaluated and there is no likely adverse impact on the financial position.

Annexure to Note No.7

NOTE PARTICULARS NO.		For the year ended		For the year ended		For the year ended	
		31.03.2024		31.03.2023		31.03.2022	
		No. of shares	Amount in (Rs.)	No. of shares	Amount in (Rs.)	No. of shares	Amount in (Rs.)
12	NON-CURRENT INVESTMENT						
	A.Trade Investments			-	NIL	-	NIL
	B.OTHER INVESTMENTS						
	Investment in Equity shares						
	1) Associates			-	NIL	-	NIL
	2) Others						
	Equity Shares fully paid-up						
	QUOTED-DEMAT						
	KOPRAN LIMITED	2,000	2,51,100	2,000	2,51,100	2,000	2,51,100
	HINUSTHAN UNILEVER LIMITED						
	INDIAN BANK						
	UMANG DAIRIES LIMITED	200	2,000	200	2,000	200	2,000
	WIM PLAST LTD.						
	SubTotal A	2,200	2,53,100	2,200	2,53,100	2,200	2,53,100
	Less: Investment Sold During the Year						
	Equity Shares Fully Paid up						
	Hindustan Uniliver						
	Indian Bank						
	WIM Plast Limited						
	Sub total B	-	-	-	-	-	-
	Total Quated - Demat C (A-B)	2,200	2,53,100	2,200	2,53,100	2,200	2,53,100
	QUOTED -PHYSICAL						
	GNFC LTD.	266	2,660	266	2,660	266	2,660
	GRUH FINANCE LTD.	100	1,000	100	1,000	100	1,000
	Comp-U-Learntec india Ltd.	1,000	13,735	1,000	13,735	1,000	13,735
	Sub total D	1,366	17,395	1,366	17,395	1,366	17,395
	Total C+D	3,566	2,70,495	3,566	2,70,495	3,566	2,70,495
	UNQUOTED-DEMAT						
	COMPUTER POWER (INDIA) LTD.	25,000	25,000	25,000	25,000	25,000	25,000
	ONIDA FINANCE LIMITED	800	8,000	800	8,000	800	8,000
	Total	25,800	33,000	25,800	33,000	25,800	33,000
	Fixed Deposit						
	PNB CC Fixed Deposit						
	Total investments in Equity Shares	29,366	3,03,495	29,366	3,03,495	29,366	3,03,495
	Investment in Government Securities		NIL		NIL		NIL
	TOTAL NON CURRENT INVESTMENTS		3,03,495		3,03,495		3,03,495
	Quoted Investments						
	Cost		2,70,495		2,70,495		2,70,495
	Market Value		7,29,583		3,29,343		1,16,664
	Provision Made for Diminutions in investment						1,53,831

Note

Long-term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current investments are valued at lower of cost and market value/net asset value.

CHALLANI CAPITAL LIMITED
(Previously Indo Asia Finance Limited)
NO.15, New Giri Road, T Nagar, Chennai- 600 017
Note 36 : Risk management objectives and policies

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to berecovered or settled.

(All Amounts are in Indian Rupees unless Specifically Mentioned)

Note No. 38

PARTICULARS	For the Period Ended								
	31-Mar-24	Within 12 Months	After 12 Months	31-Mar-23	Within 12 Months	After 12 Months	31-Mar-22	Within 12 Months	After 12 Months
ASSETS									
[a] Financial Assets									
Cash and cash equivalents	6,14,925	6,14,925		70,50,018	70,50,018	-	2,19,19,741	2,19,19,741	-
Receivables									
(i) Other receivables	-	-							
Loans	3,37,45,626	1,29,59,025	2,07,86,601	3,07,69,203	-	3,07,69,203	15,51,600	-	15,51,600
Investments	3,03,495		3,03,495	3,03,495	-	3,03,495	3,03,495	-	3,03,495
Other financial assets	4,18,019	4,18,019		4,10,837	4,10,837	-	13,75,837	13,75,837	-
[b] Non-Financial Assets									
Current Tax Assets	1,36,33,514	1,36,33,514		1,36,32,116	1,36,32,116	-	1,34,90,028	1,34,90,028	-
Deferred tax assets	42,61,415		42,61,415	42,61,415	-	42,61,415	42,61,415	-	42,61,415
Property, Plant & Equipment	31,27,396		31,27,396	31,67,381	-	31,67,381	36,02,368	-	36,02,368
Other Intangible Assets									
Other Non-Financial Assets	10,00,000		10,00,000	10,00,000		10,00,000			
TOTAL ASSETS	5,71,04,390	2,76,25,483	2,94,78,907	6,05,94,465	2,10,92,971	3,95,01,494	4,65,04,484	3,67,85,606	97,18,878
LIABILITIES AND EQUITY									
LIABILITIES									
[a] Financial liabilities									
Payables									
(i) Other payables									
(a) Total outstanding dues of creditors other than micro enterprises and small enterprises	72,043	72,043		23,582	23,582	-	6,293	6,293	-
Debt securities	-								
Borrowings (other than debt securities)	-			87,61,616	87,61,616		55,36,867	55,36,867	
Other financial liabilities	3,25,758	3,25,758		2,13,041	2,13,041	-	2,86,212	2,86,212	-
[b] Non-Financial Liabilities									
Other Non-Financial Liabilities	81,887	81,887		37,456	37,456	-	2,24,900	2,24,900	-
TOTAL LIABILITIES [a+b]	4,79,688	4,79,688	-	90,35,695	90,35,695	-	60,54,272	60,54,272	-
[c] Equity									
Equity share capital	15,00,00,000		15,00,00,000	15,00,00,000	-	15,00,00,000	15,00,00,000	-	15,00,00,000
Other equity	(9,33,75,297)		(9,33,75,297)	(9,84,41,230)	-	(9,84,41,230)	(10,95,49,788)	-	(10,95,49,788)
TOTAL EQUITY [c]	5,66,24,703	-	5,66,24,703	5,15,58,770	-	5,15,58,770	4,04,50,212	-	4,04,50,212
TOTAL LIABILITIES & EQUITY [a+b+c]	5,71,04,390	4,79,688	5,66,24,703	6,05,94,465	90,35,695	5,15,58,770	4,65,04,484	60,54,272	4,04,50,212

Summary of Significant Accounting Policies are covered under Note 4

The Accompanying notes are an integral part of Financial Statements

As per our report of even date

For RSM AND ASSOCIATES
Chartered Accountants
FRN : 002813S

Padam J Challani
Managing Director
DIN : 00052216

Swapna Pawan Kochar
Director
DIN : 02262562

CA RENUKA RAMESH
Partner
M.No. 205295
UDIN: 24205295BKDBFL6025

C Madhavan
Chief Financial Officer

V Sundar
Company Secretary

Place : Chennai
Date : 25.05.2024

Place : Chennai
Date : 25.05.2024

Place : Chennai
Date : 25.05.2024