AVENDUS FINANCE PRIVATE LIMITED

ANNUAL REPORT 2020-21

BOARD OF DIRECTORS

Mr. Kaushal Kumar Aggarwal
Mr. Deba Prasad Roy
Mr. Suresh Menon
Mr. Pijush Sinha
Ms. Padmaja Ruparel
Mr. Nitin Singh
Mr. Gaurav Deepak[1]
Mr. Ranu Vohra[2]

25th ANNUAL GENERAL MEETING

Day	:	Tuesday
Date	:	August 31, 2021
Time	:	2 p.m.
Venue	:	The IL&FS Financial Centre, 6th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051

COMPANY SECRETARY

Ms. Radhika Parmanandka

AUDITORS

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors
M/s. MMJB & Associates LLP, Secretarial Auditors

REGISTRAR & SHARE TRANSFER AGENT

NSDL Database Management Limited
Address: 4th Floor, Trade World A Wing,
Kamala Mills Compound, Senapati
Bapat Marg, Lower Parel, Mumbai –
400 013
Tel: 022 49142591;
Email: nileshb@nsdl.co.in

DEBENTURE TRUSTEE

Vistara ITCL (India) Limited
Address: The IL&FS Financial Centre, Plot C-22,
G Block, 7th Floor, Bandra Kurla Complex,
Bandra (East), Mumbai - 500051
Tel: 022 26593112; Email: jayesh.khaitan@vistra.com

REGISTERED OFFICE

The IL&FS Financial Centre, 6th Floor,
C & D Quadrant, Bandra-Kurla Complex,
Bandra (E), Mumbai-400 051
Tel. : +91 22 6648 0072
Fax. : +91 22 6648 0040
Website : www.avendus.com
Email : investor.afpl@avendus.com

[1] W.e.f December 24, 2020

[2] Upto January 21, 2021

Dear Members,

Your Company's Directors hereby present the twenty fifth Annual Report of the Company together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2021.

Financial Performance & State of Affairs of the Company

The summary of the Company's financial performance for the Financial Year 2020-21 as compared to the previous FY 2019-20 is given below:

(Amount in lakhs)

Particulars	As on March 31, 2021	As on March 31, 2020
Total Income	16,840.90	16,925.79
Profit/ (Loss) before Interest, Tax and Depreciation	9,224.18	11,660.12
Finance Cost	6,535.95	5,973.48
Profit/ (Loss) before Depreciation and Tax	2,688.23	5,686.64
Depreciation	15.57	15.00
Profit/ (Loss) before Tax	2,672.66	5,671.64
Tax Expense (including deferred tax credit)	(656.75)	(1,474.76)
Net Profit/ (Loss)	2,015.91	4,196.88
Other Comprehensive Income	14.15	7.81
Total Comprehensive Income	2,030.06	4,204.69
Balance brought forward from previous year	9,904.90	6,539.59
Less: Transfer to Special Reserve u/s 45- IC of the RBI Act, 1934	(403.29)	(839.38)
Balance carried to Balance Sheet	11,531.67	9,904.90

Revenue

Your Company reported a total income of INR 16,840.90 lakhs in the Financial Year 2020-21 ("year under review"), versus INR 16,925.79 lakhs in the Financial Year 2019-20 ("previous year").

Operating Profit/ (Loss)

Profit before Interest, Tax and Depreciation was at INR 9,224.18 lakhs versus a profit of INR 11,660.12 lakhs in the previous year.

Capital Adequacy Ratio

The Capital to Risk Asset Ratio (CRAR) of your Company as on March 31, 2021 stood at 51.62 % (Tier I Capital Ratio @ 47.34 % and Tier II Capital Ratio @ 4.28 %), well above the limit of 15% as prescribed by the RBI for Non-Banking Financial Companies Non-Deposit taking Systemically Important (NBFC ND SI).

Net Owned Funds

The Net Owned Funds of your Company as on March 31, 2021 stood at INR 66,515.65 lakhs versus INR 66,740.18 lakhs as on March 31, 2020.

Change in the nature of business

During the year under review, there was no change in the nature of business of the Company. The Company is a Systemically Important Non-deposit taking Non-Banking financial company (NBFC-ND-SI) registered with the Reserve Bank of India. The Company also provides depository services and has obtained a Depository Participant license with National Securities Depositories Limited w.e.f January 6, 2021 in addition to Central Depository Services Limited.

Transfer to Reserves

The Company has transferred INR 403.29 lakhs to the reserve fund account as required under Section 45-IC of the Reserve Bank of India Act, 1934.

Dividend

In order to conserve resources for future requirements, the Board has decided not to recommend any dividend for the financial year 2020-21.

Holding company, subsidiary companies, Joint Venture or Associate companies:

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Avendus Capital Private Limited The IL&FS Financial Centre, 6th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (E) Mumbai – 400051	U99999MH1999PTC123358	Holding Company	100	2(46)

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
2	Redpoint Investments Pte. Ltd 10 Changi Business Park, Central 2, #5-01, Hansapoint@ CBP, Singapore 486030	-	Ultimate Holding Company	NA	2(46)

The Company does not have any subsidiary, joint venture, or associate company under Companies Act, 2013 ('Act'), accordingly no disclosure is required.

Material changes and commitments, affecting financial position of the Company

There are no such material changes and commitments which have occurred between the financial year ended March 31, 2021 and the date of this report affecting the financial position of the Company.

In addition to the above, the Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, borrowers, and industry. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on the current estimates. A detailed note is stated in note no. 49 forming part of financial statements for the year ended March 31, 2021.

Share Capital

During the year under review, the Authorised Share Capital of the Company stood at INR 52,500,00,000. The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2021 was INR. 49,756,33,325 consisting of 49,756,33,325 Equity Shares of INR. 1 each. During the year under review, the Company has not issued any shares.

Non-Convertible Debentures

During the year under review, the Company issued and allotted 3,623 Secured, Rated, Listed, Redeemable non-convertible debentures including Market Linked Debentures of face value of INR 10,00,000 (Indian Rupees Ten Lakh) aggregating to INR 3,62,32,95,120 (Three Hundred Sixty-Two Crores Thirty Two Lakhs Ninety Five Thousand One Hundred and Twenty). The said Non-Convertible Market Linked Debentures are listed on BSE Limited in the list of F Group – Debt Instruments.

Debenture Trustees:

Vistra ITCL (India) Limited is the Debenture Trustee having its office at the IL&FS Financial Centre, Plot C-22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai- 500051. Contact Person: Mr. Jayesh Khaitan, Email: jayesh.khaitan@vistra.com and Contact number 022 26593112.

Directors' Responsibility Statement

Pursuant to the provisions of Sections 134(3) (c) and 134(5) of the Act and based on the information provided by the management, the Board of Directors of the Company, to the best of their knowledge and belief, confirm that:

a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
c) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
d) the Directors have prepared the annual accounts on a going concern basis;
e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details of Directors and Key Managerial Personnel

A. Directors

During the year under review, Mr. Sandeep Thapliyal (DIN: 07645620) resigned as a Managing Director & CEO effective June 27, 2020. The Board places on record its appreciation for the valuable contribution and services rendered by Mr. Sandeep Thapliyal during his tenure. Further, Mr. Kaushal Kumar Aggarwal, Director was designated as Managing Director & CEO of the Company w.e.f June 27, 2020.

During the year under review, Mr. Ranu Vohra (DIN: 00153547) resigned as a Director effective January 21, 2021. The Board places on record its appreciation for the valuable contribution and services rendered by Mr. Ranu Vohra during his tenure.

The Shareholders of the Company at the 24th Annual General Meeting held on September 30, 2020 approved the appointment of:

a. Mr. Deba Prasad Roy (DIN: 00049269) as an Independent Director, not liable to retire by rotation, for a term 2 (two) consecutive years, commencing from December 30, 2019 to December 29, 2021;
b. Ms. Padmaja Ruparel (DIN: 02048277) as an Independent Director, not liable to retire by rotation, for a term of 2 (two) consecutive years, commencing from February 27, 2020 to February 26, 2022; and

c. Mr. Nitin Singh (DIN: 6904459) as a Whole-time Director, for a term of 5 (Five) years, commencing from March 04, 2020 to March 03, 2025.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company approved the appointment of Mr. Gaurav Deepak (DIN: 00153524) as an Additional Director (Non-Executive) on the Board of the Company w.e.f. December 24, 2020, subject to the approval of shareholders of the Company at the ensuing Annual General Meeting.

The second term of Mr. Suresh Menon (DIN: 00737329) as an Independent Director expired on April 13, 2021. Considering the vast experience and expertise of Mr. Suresh Menon, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company vide its Circular Resolution dated April 9, 2021 approved the appointment of Mr. Suresh Menon as an Additional Director (Non-Executive) on the Board of the Company w.e.f. April 14, 2021. Further, shareholders at its meeting held on May 12, 2021 approved his appointment as a Director of the Company.

The brief details of the Directors proposed to be appointed / reappointed as required under Secretarial Standard 2 issued by the Institute of Company Secretaries of India is/was provided in the Notice convening Annual General Meeting/Extra Ordinary General Meeting of the Company. All the Directors of the Company have confirmed that they are not disqualified to act as Director in terms of Section 164 of the Act.

Pursuant to the 'Fit and Proper' Policy adopted by the Company, in compliance with the RBI Master Directions for NBFCs, the Company has received the 'Fit and Proper' declarations from all directors of the Company which have been taken on record by the Nomination and Remuneration Committee.

As on March 31, 2021, the Company had three Independent Directors and as on date of this Director's Report the Company has two Independent Directors including one Women Director. All Independent Directors of the Company have given declarations that they meet the criteria of independence as provided under Section 149 (6) of the Act and that they qualify to be independent directors pursuant to the Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, all the Independent Directors have affirmed that they have adhered and complied with the Company's Code of Conduct for Independent Directors which is framed in accordance with Schedule IV of the Act.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, and expertise in the fields of strategy, finance, people management, risk advisory services, banking, financial services, investment, and they hold the highest standards of integrity.

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors, unless exempted, are required to undertake online proficiency self-assessment test conducted by the IICA within a period of two (2) years from the date of inclusion of their names in the data bank. The Independent Directors, if required, will take the said online proficiency self-assessment test in due course.

Key Managerial Personnel ("KMP")

As on the date of this report, Mr. Kaushal Kumar Aggarwal, Managing Director & CEO, Mr. Sameer Kamath, Chief Financial Officer and Ms. Radhika Parmanandka, Company Secretary are the Key Managerial Personnel of your Company in accordance with the provisions of Section 2(51) read with Section 203 of the Act.

Number of Meetings of the Board of Directors ("Board")

During the year under review, the Board of your Company met seven times, on the following dates through video conferencing:

Sr. No.	Date of Meeting	Place
1	April 09, 2020	Mumbai
2	May 18, 2020	Mumbai
3	June 27, 2020	Mumbai
4	September 25, 2020	Mumbai
5	November 10, 2020	Mumbai
6	February 01, 2021	Mumbai
7	March 18, 2021	Mumbai

The intervening gap between the two meetings was within the limits as prescribed under the applicable provisions of the Act.

The details of attendance of each Director at the Board Meeting and at the last Annual General Meeting as follows:

Name of the Director	DIN No.	Category	Number of Board Meeting		AGM last attended
			Held	Attended	
Mr. Ranu Vohra[1]	00153547	Director	5	5	Yes

[1] Mr. Ranu Vohra resigned as a Director w.e.f January 21, 2021

Mr. Kaushal Kumar Aggarwal	00153487	Managing Director & CEO	7	7	No
Mr. Sandeep Thapliyal[2]	07645620	Managing Director & CEO	3	3	NA
Mr. Pijush Sinha	02048277	Director	7	7	Yes
Mr. Suresh Menon[3]	00737329	Independent Director	7	6	No
Mr. Deba Prasad Roy	00049269	Independent Director	7	7	Yes
Ms. Padmaja Ruparel	01383513	Independent Director	7	6	Yes
Mr. Nitin Singh	06904459	Whole-Time Director	7	6	Yes
Mr. Gaurav Deepak[4]	00153524	Additional (Non-Executive) Director	2	1	NA

Board Committees

In terms of the applicable circular(s), notification(s) and direction(s) issued by the Reserve Bank of India ("the RBI Regulations"), the applicable provisions of the Act and the Company's internal corporate governance requirements, the Board of Directors have constituted the following committees for the effective business operations and governance of the Company:

Audit Committee

The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. Suresh Menon [5]	Independent Director	Chairman	6	5
Mr. Pijush Sinha	Non- Executive Director	Member	6	6
Mr. Ranu Vohra [6]	Non- Executive Director	Member	4	2
Mr. Gaurav Deepak[7]	Non-Executive Director	Member	1	1
Mr. Deba Prasad Roy[8]	Independent Director	Member	4	4

During the year under review, the Committee met 6 times on April 09, 2020, June 27, 2020, September 25, 2020, November 10, 2020, February 01, 2021 and March 18, 2021 and Mr. Suresh Menon, the Permanent Chairman of the Committee chaired the meetings. The Board of Directors have accepted and implemented the recommendations of Audit Committee, whenever provided by it.

[2] Mr. Sandeep Thapliyal resigned as a Managing Director and CEO with effect from June 27, 2020
[3] Mr. Suresh Menon was Independent Director upto April 13, 2021
[4] Mr. Gaurav Deepak was appointed as an Additional (Non-Executive) Director w.e.f December 24, 2020
[5] Mr. Suresh Menon was Independent Director upto April 13, 2021
[6] Mr. Ranu Vohra resigned as a Director w.e.f January 21, 2021
[7] Mr. Gaurav Deepak was appointed as a member of the Committee with effect from February 01, 2021
[8] Mr. Deba Prasad Roy was appointed as a member of the Committee with effect from July 22, 2020

Whistle Blower Policy / Vigil Mechanism

In terms of Section 177(9) and (10) of the Act, your Company has formulated and established a Vigil Mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement, and to enable Directors and Employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct. The Whistle Blower Policy may be accessed on the Company's website. As per the Whistle Blower Policy, the Chairman of the Audit Committee or the MD of the Company shall be Whistle Officer.

Nomination and Remuneration Committee

The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings Held	No. of Meetings Attended
Mr. Pijush Sinha	Non- Executive Director	Chairman	3	3
Mr. Kaushal Aggarwal	Non- Executive Director	Member	3	3
Mr. Sandeep Thapliyal [9]	Managing Director & CEO	Member	1	1
Mr. Nitin Singh[10]	Whole-time Director	Member	2	2

During the year under review, the Committee met 3 times i.e on June 27, 2020, September 25, 2020, and February 01, 2021.

Corporate Social Responsibility Committee

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ('CSR') Committee. The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings held	No. of Meetings Attended
Mr. Pijush Sinha	Non-Executive Director	Chairman	2	2
Mr. Kaushal Aggarwal	Non- Executive Director	Member	2	2
Ms. Padmaja Ruparel	Independent Director	Member	2	2

During the year under review, the Committee met on September 25, 2020 and March 18, 2021.

Meeting of Independent Directors

As required under the provisions of Section 149(8) of the Act read with Schedule IV of the Act the Independent Directors met once, during the year under review.

[9] Mr. Sandeep Thapliyal resigned as a MD& CEO w.e.f June 27, 2020 and subsequently ceased to be a member
[10] Mr. Nitin Singh was appointed as a member of the Committee with effect from July 22, 2020

Corporate Social Responsibility

The Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.avendus.com. The projects undertaken during the year are in accordance with Schedule VII of the Act and the CSR Policy of the Company.

The details on the prescribed CSR spend under Section 135 of the Act and the amount committed and spent during the year under review is provided in the Annual Report on CSR activities annexed to this report and marked as Annexure I.

Risk Management Committee

The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings Held	No. of Meetings Attended
Mr. Pijush Shah	Non-Executive Director	Member	2	2
Mr. Suresh Menon	Independent Director	Member	2	1
Mr. Kaushal Aggarwal[11]	Managing Director and CEO	Member	2	2
Mr. Dhiren Mehta[1]4	Member	Member	2	2
Mr. Deba Prasad Roy[1]4	Independent Director	Member	2	2

During the year under review, the Committee met on November 10, 2020 and March 18, 2021. Mr. Sandeep Thapliyal ceased to be a member of the Committee on June 27, 2020.

Development and implementation of Risk Management Policy

The Company has put in place a detailed Risk Management Policy which has been approved by the Board. The objective of the policy is to document framework for identification, measurement, monitoring, and management of risks, development of policies and procedures, use of risk management models and reporting of various business risks faced by business segments. Major risks identified by the businesses and functions, if any, are systematically addressed by putting in place appropriate governance tools – like policies, process manuals, service level agreement, business continuity plans, audits & surveillance. The risk architecture involves experienced Board of Directors, committees of Board and internal committees to ensure proper escalation matrix and implementation of identified governance tools. The Risk Management Committee of the Board of Directors of the Company continues to believe that there are no elements of risk which in their opinion may threaten the existence of the Company and the Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations. The Risk Management framework is also covered in more detail in Management Discussion & Analysis report.

[11] Mr. Kaushal Kumar Aggarwal, Mr, Dhiren Mehta and Mr. Deba Prasad Roy was appointed as a member of the Committee with effect from July 22, 2020

Asset Liability Management Committee

The Asset Liability Management Committee was reconstituted on July 22, 2020. The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings Held	No. of Meetings Attended
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Chairman	2	2
Mr. Suresh Menon	Independent Director	Member	3	3
Mr. Gaurav Deepak	Non-Executive Director	Member	2	2
Mr. Saket Pachisia [12]	Vice President, Treasury	Member	1	1
Mr. Dhiren Mehta	Group-Chief Risk Officer	Member	2	1
Mr. Sameer Kamath	Chief Financial Officer	Member	2	2

During the year under review, the Committee met 3 times i.e on June 27, 2020, November 10, 2020 and January 22, 2021. Mr. Sandeep Thapliyal and Mr. Ranu Vohra ceased to be members of the Committee on June 27, 2020 and September 25, 2020, respectively.

IT Strategy Committee

The IT Strategy Committee was re-constituted on July 22, 2020. The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings Held	No. of Meetings Attended
Ms. Padmaja Ruparel[13]	Independent Director	Chairperson	1	1
Mr. Suresh Menon	Independent Director	Chairman	1	1
Mr. Kaushal Aggarwal[14]	Managing Director & CEO	Member	1	1
Mr. Sameer Kamath [17]	Chief Financial Officer	Member	1	1
Ms. Radhika Parmanandka	Company Secretary	Member	2	2
Mr. Romesh Sampat	Chief Information Officer & Chief Technology Officer	Member	2	2

[12] Mr. Saket Pachisia, status was changed to Permanent Invitee of the Committee on July 22, 2020
[13] Ms. Padmaja Ruparel was appointed as a member of the Committee on July 22, 2020
14 Mr. Kaushal Aggarwal and Mr. Sameer Kamath was appointed as a member of the Committee on July 22, 2020

During the year under review, the Committee met 2 times i.e on June 27, 2020 and December 14, 2020. Mr. Sandeep Thapliyal and Mr. Suresh Menon ceased to be members of the Committee on June 27, 2020 and July 22, 2020 respectively.

Non-Convertible Debenture Allotment Committee

The Board of Directors of the Company at its meeting dated April 9, 2020 constituted Non-Convertible Debenture Allotment Committee for issuance and allotment of Debentures. The Committee was reconstituted on July 22, 2020 and then on February 01, 2021. The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings Held	No. of Meetings Attended
Mr. Sandeep Thapliyal[15]	Managing Director & CEO	Member	1	1
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member	2	2
Mr. Ranu Vohra[16]	Non-Executive Director	Member	1	1
Mr. Pijush Sinha[17]	Non-Executive Director	Member	1	1
Mr. Gaurav Deepak[18]	Non-Executive Director	Member	1	1

During the year under review, the Committee met on April 09, 2020.

Technology Committee

The Technology Committee was formed w.e.f April 01, 2019 and was re-constituted on March 27, 2020. The Composition of the Committee and the details of attendance by the Members at the meeting held during the year under review are as under:

Members	Category	Status	No. of Meetings held	No. of Meetings Attended
Mr. George Mitra[19]	Chairman and Member	Member	1	1
Mr. Narendra Tari	Member	Member	1	1
Mr. Himanshu Damania	Member	Member	1	1
Mr. Gopkumar Menon[20]	Member	Member	-	-

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[15] Mr. Sandeep Thapliyal resigned as a Managing Director & CEO w.e.f June 27, 2020 and subsequently ceased to be a member

[16] Mr. Ranu Vohra resigned as a Director w.e.f January 21, 2021 and subsequently ceased to be a member

[17] Mr. Pijush Sinha was appointed as a member w.e.f July 22, 2020

[18] Mr. Gaurav Deepak was appointed as a member w.e.f February 1, 2021

[19] Mr. George Mitra ceased to be a member on December 31, 2019

[20] Mr. Gopkumar Menon ceased to be a member on October 14, 2019

Mr. Romesh Sampat[21]	Member	Member	-	-
Mr. Nitin Singh[22]	Chairman and Member	Member	-	-

During the year under review, the Committee met once on November 11, 2019.

Board Evaluation

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance and of the individual Directors as well as an evaluation of the Committees of the Board. The Board of Directors was assisted by the Nomination & Remuneration Committee. The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees, as the case may be. The criteria for evaluation of the Board as a whole, inter alia, covered parameters such as structure of the Board, meetings of the Board and functions of the Board.

The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, etc. The criteria for evaluation of Individual Directors covered parameters such as details of professional qualifications and prior experience relevant to the Company, knowledge and competency, fulfilment of functions, ability to function as a team, etc.

The feedback of the Independent Director on their review of the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company and the assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board was taken into consideration by the Board in carrying out the performance evaluation.

Details relating to deposits

Your Company being a 'Non-Deposit taking Non-Banking Financial Company' has not accepted deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI.

Accordingly, the disclosure requirements under Rule 8(5) (v) and (vi) of the Companies (Accounts) Rules, 2014 the same is not applicable to the Company.

During the year under review, the Company has not accepted any deposits from its Directors or their relatives.

Statutory Audit

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, Statutory Auditors [ICAI Registration Number 117366W/W- 100018], were appointed as Statutory Auditors of the Company for a period of three years upto the conclusion of the Twenty Sixth Annual General Meeting of the Company. Pursuant to RBI Circular on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, your Company is in the process of analyzing impact of the same.

[21] Mr. Romesh Sampat was appointed as a member w.e.f November 13, 2019
[22] Mr. Nitin Singh was appointed w.e.f March 4, 2020

Report given by the Statutory Auditors, on the financial statements of the Company, is disclosed as part of the Financial Statements of the Company for the year under review.

There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditors in their Report and the same does not call for any further comments. The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

In addition to the above, there have not been any frauds reported by the Auditors of the Company under Section 143(12) of the Act.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Audit Committee recommended, and the Board of Directors of the Company appointed M/S MMJB & Associates LLP (MMJB), Practicing Company Secretaries (COP No: 22502) as a Secretarial Auditor, for conducting secretarial audit of the Company for the Financial Year 2020-21.

The Secretarial Audit Report is annexed with this Report and marked as Annexure II. There has been no qualification, reservation, adverse remarks by the Secretarial Auditors in their Report except that the Structured Digital Database maintained by the Company is not in line with the requirement of Regulation 3 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Company do maintain the Structured Digital Database as required under Regulation 3 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, however considering the size of the Company, special software or application have not been used for maintaining the Structured Digital Database. The Company will take necessary steps to evaluate the appropriate application to maintain the Structured Digital Database and upgrade its existing system.

Particulars of loans given, investments made, Guarantees given, or Security provided by the Company

The Company, being a Non-Banking Financial Company, the provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate and giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are not applicable to the Company.

The details of investments made by the Company are provided under notes in the financial statements of the Company for the year ended March 31, 2021.

Particulars of contracts or arrangements with related parties

The Board of Directors have formulated a Related Party Transactions ("RPT") Policy, which is also available on the Company's website at www.avendus.com. This policy deals with the review and approval of related party transactions. All related party transactions are placed before the Audit Committee for review and approval.

Suitable disclosure as required by the Accounting Standards has been made in the Financial Statements and attention of the members is drawn to Note No. 37. All contract(s) / arrangement(s) / transaction(s) entered into by your Company with its related parties, during the year under review, were in "*ordinary course of* *business*" of the Company; and on "*an arm's length basis*" as per the provisions of Section 188(1) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014.

During the year under review, there were no material significant[23] related party transactions, contracts or arrangements with related parties referred to in Section 188(1) of Companies Act 2013.

Particulars of Employees

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed as Annexure III.

In terms of second proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosure under the Sexual Harassment of Women at Workplace Prevention, Prohibition and Redressal) Act, 2013

The Company takes a strong stand on issues of harassment of all kinds, not only because harassment is against the law but also because the Company is opposed to such offensive and counterproductive element/culture in its workplace. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace.

The company has complied with provisions relating to the constitution of internal complaints committee under the sexual harassment of women at workplace (prevention, prohibition, and redressal) Act, 2013

During the financial year 2020-21, the Company had not received any complaint of sexual harassment at the workplace.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

a) Considering the nature of activities of the Company, there is no requirement with regards to conservation of energy and technology absorption.
b) Foreign Exchange Earnings and Outgo: Nil (Previous year: Nil)]

Details of grievances, significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

During the year under review, the Company did not receive any grievances from its customers. There has been no significant or material orders which were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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[23] *Any contract/ arrangement with a related party as defined under Section 188(1) of the Act, which is on arm's length basis, but equal to or exceeds the limits mentioned under Rule 15(3) of the Companies (Meetings of the Board and its powers) Rules, 2014*

Names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year

During the year, no company became / ceased to be a Subsidiary, Joint Venture, Associate Company of the Company.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements

The Company has established a system of internal controls and business processes, comprising of policies and procedures, with regards to efficiency of operations, financial reporting and compliance with applicable laws and regulations etc. commensurate with its size and nature of the business. Regular checks are undertaken to ensure that systems and processes are followed effectively, and systems & procedures are periodically reviewed to keep pace with the growing size and complexity of your Company's operations. Company also has a well-defined process for an on-going management reporting and periodic review of operations to ensure effective decision-making. During the year under review, proper internal financial controls were in place and the financial controls were adequate and were operating effectively.

Annual Return

As required under the provisions of Sections 134(3) (a) and Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company has been placed on the website of the Company at www.avendus.com.

Management discussion and Analysis Report

The Management discussion and Analysis Report for the year under review forms part of this report and is annexed as Annexure IV.

Secretarial Standards and Compliance

During the financial year 2020-21, the Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

In addition to the above, the Company is in Compliance with the requirements, as applicable to the Company and as prescribed by the regulatory authorities including Reserve Bank of India and Securities and Exchange Board of India.

Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code (IBC), 2016 during the year along with its status as at the end of the financial year

During the year under review and at the end of financial year, there are no proceedings pending against the Company under the IBC 2016 and no valuation was required.

Acknowledgements/ Appreciations

The Directors express their sincere gratitude to the RBI, Securities and Exchange Board of India, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions, and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels.

For and on behalf of the Board of Directors

	Kaushal Kumar Aggarwal	Gaurav Deepak
Date: May 24, 2021	Managing Director & CEO	Director
Place: Mumbai	DIN:00153487	DIN: 00153524

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Annexure I

Annual Report on CSR Activities of the Company

1. Brief outline on CSR Policy of the Company:

   The CSR Policy of the Company includes the activities that can be undertaken by the Company for its CSR activities, composition of CSR Committee, areas of CSR projects, criteria for selection of CSR projects, modalities of execution/implementation of CSR activities and the monitoring mechanism of CSR activities/project.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Pijush Sinha	Member & Chairman	2	2
2	Mr. Kaushal Aggarwal	Member	2	2
3	Mr. Padmaja Ruparel	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

   www.avendus.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)-Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
Nil			

6. Average net profit of the company as per section 135(5) – INR 6123,67,731

7. (a) Two percent of average net profit of the company as per section 135(5):_INR 1,22,47,355

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): INR 1,22,47,355

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

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
INR 125,00,000	NIL	NA	NA	NIL	NA

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

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

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number[1]
1.	Women Entrepreneurship	Schedule VII (ii)	Yes	Maharashtra		40 lakh	No	Swayam Shikshan Prayog	NA
2.	Women Entrepreneurship	Schedule VII (ii)	No	Karnataka		15 lakh	No	Industree Foundation	NA
3.	Sports Education	Schedule VII (vii)	Yes	Maharashtra		5 lakh	No	Heed India	NA
4.	Sports Education	Schedule VII (vii)	No	PAN India		50 lakh	No	Olympic Gold Quest	NA
5.	Women Entrepreneurship	Schedule VII (ii)	No	Uttarakhand - Dehradun		15 lakh	No	Latika Roy Foundation	NA
	Total					1.25 Crores			

(d) Amount spent in Administrative Overheads - NIL

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – INR 1.25 Crore

(g) Excess amount for set off, if any[2] – NA

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as	1,22,47,355

[1] Not applicable as on March 31, 2021

[2] Based on the recommendation of CSR Committee, the excess amount available will not be utilised for set off

	per section 135(5)	
(ii)	Total amount spent for the Financial Year	1,25,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	(Rounded off) 2, 50,000
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	(2, 50, 000)

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1.	FY'18	NA	NA	NA	NA	NA	NA
2.	FY'19	NA	20 Lakh	NA	NA	NA	7 Lakh[3]
3.	FY'20	NA	88 Lakh	NA	NA	NA	NA

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed /Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not applicable

(asset-wise details)

(a) Date of creation or acquisition of the capital asset(s).

[3] Pls note that the shortfall of INR 7 lakhs of FY 19 was spent in FY'20

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

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

    Not Applicable

For and on behalf of the Board of Directors

Mr. Pijush Sinha	Kaushal Kumar Aggarwal	Gaurav Deepak
Chairman of Committee	Managing Director & CEO	Director
DIN: 02048277	DIN: 00153487	DIN:00153524

Place: Mumbai
Date: May 24, 2021

MMJB & Associates LLP

Company Secretaries

803-804, 8th Floor, Ecstasy, City of Joy, JSD Road, Mulund - West, Mumbai – 400080, (T) 21678100

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Avendus Finance Private Limited,
The IL & FS Financial Centre, 6th Floor,
C and D Quadrant, Bandra – Kurla Complex
Bandra (E), Mumbai – 4000051.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Avendus Finance Private Limited** (hereinafter referred to as "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 (hereinafter referred to as **"the Audit period"**) complied with the statutory provisions listed hereunder.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing **(Not applicable to the Company during the Audit Period).**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit Period);**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (hereinafter referred to as "**PIT Regulations**");

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period).**

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India
(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**.**

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc mentioned above except the Structured Digital database maintained by the company is not in line with the requirements of Regulation 3 of PIT Regulations.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the rules, regulations and guidelines issued by Reserve Bank of India as are applicable to Non-Systematic, Non- Deposit taking Non-Banking Financial Company with classification as 'Loan Company' which are specifically applicable to the Company.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period the Company has:

(i) issued and allotted 1,921 rated, listed, secured, redeemable, non-convertible, principal protected, market-linked debentures of Rs. 10,00,000 each in multiple tranches;
(ii) issued and allotted 1,702 rated, listed, secured, redeemable, non-convertible debentures of Rs. Rs. 10,00,000 each in multiple tranches.

For MMJB and Associates LLP
Company Secretaries

DEEPTI AMEY KULKARNI

Digitally signed by DEEPTI AMEY KULKARNI
DN: cn=DEEPTI AMEY KULKARNI, c=IN, st=Maharashtra, o=Personal, serialNumber=f160dc2bdc0fdff2d6c12a002e38f5b3a804b5ae996cd6f946a6d609686fcaa2
Date: 2021.05.24 13:56:50 +05'30'

Deepti Kulkarni
Designated Partner
ACS: 34733
CP. No.: 22502
Peer Review No.: L2020MH006700
UDIN: A034733C000361400
Place: Mumbai
Date: 24.05.2021

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

Annexure A'

To
The Members,
Avendus Finance Private Limited,
The IL & FS Financial Centre, 6th Floor,
C and D Quadrant, Bandra – Kurla Complex
Bandra (E), Mumbai – 4000051.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For MMJB and Associates LLP
Company Secretaries

DEEPTI
AMEY
KULKARNI

Digitally signed by DEEPTI AMEY KULKARNI
DN: cn=DEEPTI AMEY KULKARNI, c=IN, st=Maharashtra, o=Personal, serialNumber=f160dc2bdc0fdff2d6c12a002e38f5b3a804b5ae996cd6f946a6d609686fcaa2
Date: 2021.05.24 13:57:29 +05'30'

Deepti Kulkarni
Designated Partner
ACS: 34733
CP. No.: 22502
Peer Review No.: L2020MH006700
UDIN: A034733C000361400
Place: Mumbai
Date: 24.05.2021

Annexure III

Details pertaining to employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Relevant Details
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Mr. Sandeep Thapliyal, Managing Director and CEO[1] - 11.0 Mr. Kaushal Kumar Aggarwal, Managing Director & CEO [2] - 4.3 Mr. Nitin Singh, Whole-time Director – 1.1 The Director's annual Fixed Compensation is 14.2 times of the median of the annual fixed compensation of the employees. No other directors are in receipt of remuneration.
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Mr. Sandeep Thapliyal, Managing Director and CEO [1] – (51.3%) [decrease] Ms. Radhika Parmanandka, Company Secretary – 50.9% Mr. Kaushal Kumar Aggarwal was designated as Managing Director & CEO w.e.f June 27, 2020 and no remuneration was paid last financial year 2020. Mr. Nitin Singh was designated as Whole-time Director w.e.f Sep 01, 2020 and no remuneration was paid last financial year 2020. No Remuneration was paid to Mr. Sameer Kamath, Chief Financial Officer. No other directors are in receipt of remuneration.
3.	The percentage increase in the median remuneration of employees in the financial year	The % increase median is 3.3% The average % increase in salary is (5.5%) [decrease] (Considered only Fixed Annual CTC for eligible base)

[1] Mr. Sandeep Thapliyal resigned as a MD &CEO w.e.f June 27, 2020
[2] Mr. Kaushal Kumar Aggarwal was designated as a MD & CEO w.e.f June 27, 2020

4.	The number of permanent employees on the rolls of Company	32 employees as on March 31, 2021.
5.	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in salary of eligible employees other than managerial personnel is (0.6%) [decrease] Percentage Increase in Remuneration of Mr. Sandeep Thapliyal, Managing Director & CEO is (51.3%) [decrease]
6.	It is hereby affirmed that the remuneration is paid as per the Remuneration Policy of the Company	

For and on behalf of the Board of Directors

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN: 00153487

Gaurav Deepak
Director
DIN: 00152534

Place: Mumbai
Date: May 24, 2021

Annexure III

Details pertaining to employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Relevant Details
1.	Names of top ten employees of the company in terms of remuneration drawn. Employees who have resigned / retired during the year shall also be considered for this purpose. In case of companies having less than ten employees, such statement shall include details of all employees.	• Sandeep Thapliyal • Nilesh Dhedhi • Kaushal Aggarwal • Gurudutta Mishra • Prabhat Singhal • Raja Prashanth Kodipalli • Ashish Agarwal • Anshul Jain • Nikhil Date • Rohan Rautela
2.	Name of every employee who: (i) if employed throughout the year, was in receipt of remuneration not less than one crore and two lakh rupees in the aggregate; (ii) if employed for a part of the year, was in receipt of remuneration not less than eight lakh and fifty thousand rupees per month in the aggregate; (iii) if employed throughout the year or part thereof, was in receipt of remuneration which is in excess of that drawn by the Managing Director or Whole-time Director or Manager and who holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	Details as per Annexure A below

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Annexure A

Name of Employee	Mr. Kaushal Kumar Aggarwal
Designation	Managing Director & CEO
Remuneration received (Fixed CTC)	INR 1,14,16,667
Nature of employment whether contractual or otherwise	Permanent Full Time Employee
Qualifications & experience of the employee	BTech, 1995 MBA, 1997 Total Work Experience: 24 years
Date of commencement of employment	27-Jun-20
Age as on 31-Mar-2021	47 years
Last employment held by such employee before joining the company	Avendus Capital
% of equity shares held by the employee along with his spouse and dependent children, if such shareholding is not less than two percent of the total equity shares	N/A
whether any such employee is a relative of any Director or Manager of the company and if so, the name of such Director or Manager	N/A

For and on behalf of the Board of Directors

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN: 00153487
Place: Mumbai
Date: May 24, 2021

Gaurav Deepak
Director
DIN: 00153524

Annexure A

Name of Employee	Mr. Sandeep Thapliyal
Designation	Managing Director
Remuneration received (Fixed CTC)	INR 1,38,97,849
Nature of employment whether contractual or otherwise	Permanent Full Time Employee
Qualifications & experience of the employee	BBS, 1991 PGPM, 1996 Total Work Experience: 23 years
Date of commencement of employment	02-Nov-16
Age as on 31-Mar-2021	50 years
Last employment held by such employee before joining the company	RBL Bank
% of equity shares held by the employee along with his spouse and dependent children, if such shareholding is not less than two percent of the total equity shares	N/A
whether any such employee is a relative of any Director or Manager of the company and if so, the name of such Director or Manager	N/A

For and on behalf of the Board of Directors

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN: 00153487
Place: Mumbai
Date: May 24, 2021

Gaurav Deepak
Director
DIN: 00153524

Annexure A

Name of Employee	Mr. Nilesh Dhedhi
Designation	Director
Remuneration received (Fixed CTC)	INR 89,45,600
Nature of employment whether contractual or otherwise	Permanent Full Time Employee
Qualifications & experience of the employee	BE, 2002 MMS, 2005 Total Work Experience: 16 years
Date of commencement of employment	7-Dec-15
Age as on 31-Mar-2021	41 years
Last employment held by such employee before joining the company	Indostar
% of equity shares held by the employee along with his spouse and dependent children, if such shareholding is not less than two percent of the total equity shares	N/A
whether any such employee is a relative of any Director or Manager of the company and if so, the name of such Director or Manager	N/A

For and on behalf of the Board of Directors

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN: 00153487
Place: Mumbai
Date: May 24, 2021

Gaurav Deepak
Director
DIN: 00153524

Annexure IV
Management Discussion and Analysis Report

Macroeconomic Overview

The fiscal year 2021 has been an outlier on account of the ongoing COVID-19 pandemic which has impacted economies and businesses across the globe. The severe disruption of economic activities caused by COVID-19, both through demand and supply shocks, has overtaken the incipient recovery of the Indian economy. While the initial reports were predicting a strong rebound & double-digit growth of the economy; the second wave has created further uncertainty; resulting in toned down growth forecasts.

The United Nations has raised India's growth forecast to 7.5 per cent for calendar year 2021 in its latest report in May, marking a 0.2 per cent increase from its projection in January; however it maintained that the macro outlook for the country still remained fragile. The global economy is now projected to expand by 5.4 per cent in 2021 following a sharp contraction of 3.6 per cent in 2020, reflecting an upward revision from the UN forecasts released in January.

To minimise the effect in the economy caused by the COVID -19 outbreak, the Union Finance & Corporate Affairs Ministry announced several important relief measures taken by the Government of India, especially on statutory and regulatory compliance matters related to several sectors. The Central Government, amongst others, announced much-needed relief measures in areas of Income Tax, GST, Corporate Affairs, Insolvency & Bankruptcy Code (IBC), Banking Sector and Commerce, intended to boost the economy.

The economy in general was witnessing a mini revival in Q4FY 20 as in January 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 57.7, compared with 56.4 in December 2020. This was driven by new orders and rising exports. In January 2021, merchandise exports rose 5.4% YoY. PMI Services Index also increased to 52.8 in January 2021, from 52.3 in December 2020. Overall business optimism improved in January 2021 owing to launch of the COVID-19 vaccination programme.

However, the arrival of a second and more strenuous wave has resulted in an aura of cautious optimism, with most industries still operating on a low scale basis compared to last year when there was a complete lockdown. Additionally, most retail sectors are seeing a massive spurt in demand on account of the gradual opening of the economy. With the vaccination drive going on across the country; one can expect a revival across all sectors, including highly impacted sectors such as hospitality, infrastructure, travel & entertainment, by Q3FY21.

Industry Structure and Overview

Credit Markets

The Indian banking sector has been affected given the disruptions to India's economic activity from the COVID-19 outbreak, which is weakening borrowers' credit profiles. On a year-on-year basis, the non-food bank credit growth stood at 4.9 per cent in March 2021 as compared to 6.7 per cent in March 2020. Credit growth to industry decelerated marginally to 0.4 per cent in March 2021 from 0.7 per cent in March 2020. However, credit to medium industries registered a robust growth of 28.8 per cent in March 2021 as compared to a contraction of 0.7 per cent a year ago. Credit growth to micro and small industries decelerated to 0.5 per cent in March 2021 from 1.7 per cent a year ago, while credit to large industries contracted by 0.8 per cent as compared to a growth of 0.6 per cent a year ago.

Credit growth to the services sector decelerated to 1.4 per cent in March 2021 from 7.4 per cent in March 2020, mainly due to deceleration in credit growth to NBFCs and contraction in credit to professional services. However, credit to trade segment continued to perform well, registering accelerated growth of 11.8 per cent in March 2021 as compared to 4.6 per cent a year ago.

The RBI has also been extremely proactive in assisting the credit system of the country, The central bank governor announced plans to inject 500 billion rupees ($6.78 billion) of liquidity, with tenors of up to three years at the repo rate that will be available until March 31, 2022, to ease access to emergency health services. The move would allow commercial banks to borrow money from the central bank through repurchase agreements, or repos, and lend it out to Covid-19-related businesses.

Additionally, RBI will provide separate liquidity of up to 100 billion rupees ($1.4 billion) via three-year repo operations to small finance banks to lend to poor borrowers. Central bank also allowed lenders to dip into their floating provisions to set aside money for bad loans till March 31 2022

Lastly, RBI plans to allow certain small borrowers with exposures of up to 250 million rupees to restructure their loans by Sept. 30, 2021 — provided they did not restructure their loans last year under earlier programs and were classified as "standard" accounts as of March 31.

Though the RBI & Government have been extremely proactive, in pumping the liquidity back in the system, and have been very effective to stabilize the volatile situation going on in the financial markets, it will still take a while, possibly until next calendar year, for the Financing Industry to operate at its peak levels of H1 2018.

Avendus Finance (AFPL) Overview

Avendus Finance Pvt. Ltd. (AFPL) is incorporated as a wholly owned subsidiary of Avendus Capital Pvt. Ltd. It is a systematically important Non-deposit taking Non-Banking financial company (NBFC-ND-SI) registered with the Reserve bank of India (RBI). The business was set up in FY 16-17 and within four full years of being established it has been able to grow its asset under management (AUM) to INR 11,787 Million.

AFPL is built on the following core principles:

1. Segment Focus: Sharp focus around high quality mid-market businesses
2. Sector Focus: Sharp focus on preferred sectors viz healthcare, consumption, select industrial segments and specific services sectors, amongst others.
3. Intense Focus on Cash Flows: The primary recourse in AFPL is cash flows of the underlying businesses.
4. Diversified Portfolio: The portfolio is diversified across multiple sectors by way of lower ticket size, despite the of nature of business which requires having lumpy exposures
5. Sharp ALM Focus: Liabilities raised are mostly long term in nature with a range of 3-5 yrs which has helped maintain a very healthy ALM profile

The foundations of the business have been laid in the first four years, with the people & processes being put in place. The right foundation makes the organization poised for sustained growth in this year as well. For risk management, monitoring & review of portfolio there is an independent risk management team & a portfolio management unit which independently assesses the quality of portfolio by assessing macro trends in economy & doing regular interactions with clients.

AFPL currently operates in two lines of lending businesses namely Structured Finance Business and Wealth Lending business as well as a depository business:

1) <u>Structured Finance</u>

Under the structured finance vertical, AFPL offers products to high quality entrepreneurs and businesses to meet their specific requirements. Products are largely tailored around untapped cashflows and security.

The experienced and dedicated structured finance professionals of AFPL, pride themselves in their ability to spot companies at an inflection point and provide optimal financing solutions for diverse requirements such as sponsor financing, recapitalization, growth financing, asset financing, acquisition financing and bridge financing.

The investment team has a collective experience of close to five decades. The team uses superior understanding of client's businesses to offer bespoke financing solutions. It also leverages on Avendus group's advisory / corporate finance expertise to understand investment thesis of the client's business and which helps in further fine tuning the credit structure. With a strong lineage, extensive and growing network of co-investors and professionals, AFPL is rapidly gaining ability to source and syndicate larger transactions. While entities collaborate to exchange knowledge, specific compliance requirements are taken care of for maintaining arm's length relationship, protecting price sensitive information and maintaining confidentiality.

AFPL believes in continuous engagement with clients and provide relevant solutions at all stages of an organization's lifecycle. The solutions delivered, mainly comprise of:

1. Promoter Financing
   - Private equity/ JV partner take-out
   - Management Buyouts
   - Funding promoters Equity infusion
2. Growth Funding
   - Capex for Growth
   - Acquisition Financings
3. Corporate Financing Solutions
   - Balance sheet optimization
   - Long term working capital
   - Bridge financing

2) <u>Wealth Lending Business</u>

Wealth lending business was launched in second half of FY21 to provide lending solutions to established HNI Clients of Avendus Wealth Management Private Limited (AWMPL). AFPL has built an integrated & robust infrastructure for this business to cover the entire life cycle of the credit facility from on-boarding, documentation, limit approvals, disbursement, monitoring, etc. The Loan Management System and margin monitoring has gone live. SOPs around security selection, monitoring and coverage of the entire loan life cycle management with operations is put in place.

Provision of liquidity against securities is a key component of any sophisticated wealth lending setup and this offering meets the requirement for the Avendus group, allowing AFPL to benefit from the synergy. Lending will mainly be done to meet following key requirements:

- Lending for investment needs/Business Purpose
- Lending to meet cash flow mismatch
- Lending for vesting of ESOPs
- Lending for investment in IPOs

Key product offered under this program are as follows:

- Loan against diversified portfolio – Mutual Funds (MFs), Equity, Fixed Income (FI), AIFs (whether in-house or third-party AIFs that are approved by AFPL)
- Single stock lending/Promoter financing
- ESOP Financing
- Specialised lending including bridge financing, lending against unlisted equities, concentrated AIFs, real estate etc.

This business has good growth potential.

The exposures under Wealth Lending Business are governed by a Board approved Credit Policy. Due diligence in respect of these exposures is largely done in-house by the Relationship Manager. In terms of the above said policy, all the exposures are approved as per a prescribed delegation matrix.

Further, the business refers to the group level Conflict of Interest Management Policy for managing all conflicts at intra-group level and common conflicts across the employees.

3) Independent Risk and Portfolio monitoring Team

To ensure highest standards of risk management, the Risk and Portfolio monitoring teams independently reports to the Managing Director & CEO of the Company and do not have any business targets. The team assesses each transaction on an ongoing basis for any key developments and early warning indicators. It keeps track of macro trends in the economy with a focus on the sectors in which the portfolio companies operate and holds regular calls with the borrowers to evaluate the performance of the business to independently assign a risk classification to each borrower. For any new disbursements, risk and portfolio monitoring team highlights key risks and mitigants by reviewing each transaction at inception level and it is ensured that disbursals are within the framework of the respective credit policies. The team presents Portfolio monitoring reports to the Credit Committee and/or other key stakeholder on a quarterly basis to track the performance of each transaction.

During the year, the team has worked on enhancing the risk management and portfolio monitoring systems. The Credit Policy for the Structured Finance business has been updated making it more detailed, meticulous and robust in nature which aids to enhance the overall control mechanism. The team has also created a risk framework for the new Wealth Lending business to enable ongoing monitoring and identification of early warning signals. Further, in light of the global Covid-19 pandemic, the team performed borrower wise assessment of both, immediate impact due to Covid-19 and long term resilience based on an identified set of critical parameters. An assessment to identify industries that are facing / likely to face additional risks on business obsolescence due to replacement of service delivery by digital means due to Covid-19 was also performed. The team included learnings from such assessments towards further improving its policies and processes. It is also engaged in preparation of a stress testing report on Cashflow and Asset Liability Management on a regular basis to assess liquidity risk in case of any adverse situations.

Performance Highlights for FY 21

Sustainable Book Growth in a Challenging Macro Environment

The Asset Under Management grew to INR 11,787 Mn in Mar-21 from INR 10,870 Mn in Mar-20. The Wealth Lending book closed at INR 1,401 Mn for the year end.

FY 20-21 witnessed a muted market in the Structured Finance space, as there were very few transactions happening across the Industry. AFPL managed to grab this opportunity, disbursing loans worth INR 4,582 Mn in its Structured Finance business across 15 independent transactions. This validates the core philosophy of building a diversified book, which has an average ticket size of ~INR 300 Mn, in an industry, where the average ticket size ranges ~INR 1,000+ Mn. Cumulatively, disbursements since inception have crossed INR 20,000 Mn as the focus stays on financing high quality mid-market businesses.

During the year, the loan book has also witnessed significant prepayments, which only validates the quality of underwriting and the focus on financing inherently strong mid-market companies with sustainable cash flows. Since inception, prepayments of ~INR 10,000 Mn have been received, of which, ~INR 2,900 Mn came in FY 20-21. This is in addition to the normal scheduled repayments, resulting in the loan book closing at INR 11,787 Mn.

Given below is the sector wise classification of the AUM as on 31/03/2021.

Sector	INR Mns	%
Healthcare	2,799	23%
Other Services (Education | Financial | Security etc)	1,955	16%
Digital, Media & Technology	1,751	15%
IT	1,210	10%
Industrials	1,045	9%
Real Estate	612	5%
Financial Services	529	4%
Consumer	500	4%
Logistics	160	1%
LAS	1,415	12%
Grand Total	11,976	100%
Less: -Ind AS Impacts	(189)	
Net Total	11,787	

** Excluding IND AS Impact*

AFPL recorded a total income of INR 1,665 Mn compared to a total income of INR 1,691 Mn in FY 20. The PBT before provisioning for the year was INR 715 Mn & after provisioning was INR 267 Mn in FY 21. The Earnings per Share for the year was INR 0.04

Comfortable Liquidity Position & Tie Ups with Reputed Lenders

The focus always has been to build a well-diversified funding mix, comfortable liquidity profile and sturdy ALM. This helped us sail through the turbulent times and retain lender trust.

Over the past year, we have focused on

- Well diversified funding resources with prudent ALM mismatch across all buckets.
- Incremental long-term funding majorly through term loans & NCDs including MLDs (Private placement basis).
- Conservative approach to liquidity

Our funding requirements are predominantly sourced by way of term loans, secured redeemable non-convertible debentures (NCDs) including Market Linked Debentures. In FY 2021, AFPL continued to strengthen its relationships with some of the best banks in the market. In FY 21, there were cumulative sanctions worth INR 5,125 Mn across banks, NBFCs, Mutual fund, reputed corporates, family offices & retail investors during the Financial Year.

AFPL has also managed to make huge in-roads in the critical PSU Sector lending by getting sanction from 4 PSU banks in the form of Term loans & NCDs, In addition to these multiple sanctions, it is to be noted that AFPL has been on a robust liquidity position of INR 2,584 as on March 21 with average liquidity throughout FY 21 at ~INR 2,750 Mn.

The AFPL management has been prudent on the liquidity front, ensuring that there is a positive mismatch across all ALM buckets as on 31st March 2021,

As of 31st March 2021, the company's debt to equity ratio is just over 1X. The company's Capital adequacy ratio is well above the minimum requirement of 15% from the RBI.

Ratio	31/03/2021	31/03/2020
CRAR (%)	51.62%	59.82%
CRAR - Tier I Capital (%)	47.34%	58.48%
CRAR - Tier II Capital (%)	4.28%	1.34%

Re-instated Credit Ratings

AFPL recognizes the importance of Balance Sheet management and focuses in creating a strong and liquid balance sheet through robust underwriting processes and efficient treasury management practices. The resulting strong balance sheet enables us easier access to market borrowings at competitive rates on the back of a strong credit rating. Adequate liquidity lines form a part of the balance sheet management strategy, which enables AFPL to deploy capital efficiently towards business opportunities that appear at short notice. It also prepares the company for addressing any systemic liquidity scenarios without having to lose out on business opportunities.

On the accord of its strong asset book and robust balance sheet management, the long-term borrowing program of the company was assigned a long-term credit rating of CRISIL 'A+'/ Stable for the third consecutive year of its operation.

Rating Agency	Facility	Ratings
CRISIL	Non- Convertible Debentures- Long term	CRISIL A+/ Stable
CRISIL	Commercial Papers- Short term	CRISIL A1+ Stable
CRISIL	Bank Loan Long term	CRISIL A+/ Stable
Acuite	Bank Loan Long term	Acuite AA-/ Stable

SWOT analysis

Strengths:

- Superior understanding of mid-market businesses and relationships with high quality entrepreneurs – The Avendus group is recognized among the top players in the IB domain, given its ability to execute complex transactions. The promoters have demonstrated their expertise in several sectors such as technology, consumer goods, healthcare, digital, and business process outsourcing by successfully executing several IB transactions for over two decades. Over the years the Group has developed strong relationships with several corporates in the mid-market space. Leveraging existing relationships in the mid-corporate space will create business opportunities for the financing businesses. AFPL relies on the in-depth domain expertise and understanding of diverse regulatory frameworks to identify value creating opportunities.
- Speed to market with appropriate risk mitigation strategy – The lean structure, experienced management and deep understanding of the mid-market segment gives AFPL an edge over its competitors. AFPL is proactive in understanding and analyzing the needs of the business and providing bespoke solutions to the high-quality mid-market businesses at a lightning speed.
- Comfortable Capital Adequacy ratio & leverage on the balance sheet
  As on March 2021, CRAR of AFPL was 51.62%. Further, the Group is adequately positioned to support the growth of its new businesses over the medium term. The gearing policy is conservative, and the management intends to keep gearing below 3.5 times over the medium term on a steady state basis.
- Backed by highly credible and reputed Investor – Avendus Capital Private Limited (ACPL) has been able to attract equity investments from Kohlberg Kravis Roberts (KKR) in 2016, to build a multi-asset financial services platform. KKR, (through its Singapore based investment arm Redpoint Investments Pte. Ltd) holds a majority stake of ~65% in ACPL as on March 31, 2021. Besides the support by way of equity infusion, KKR also provides oversight and expertise across various sectors, global insights and products, international practices, and wide network of relationships.
- Experienced Promoters: The group promoted by Mr. Ranu Vohra, Mr. Kaushal Aggarwal and Mr. Gaurav Deepak, started operations in 1999, through its flagship company ACPL. All the three promoters have spent more than two decades to Indian financial services industry concluding several marquee transactions in investment banking and private equity. They have demonstrated their expertise in Investment Banking and have a deep knowledge in several sectors such as technology, consumer, healthcare, digital, IT and outsourcing.
- Liquidity Management & Healthy ALM- AFPL took efforts to maintain a healthy liquidity position with no cumulative mismatches in any of the time buckets up to 5 years. AFPL has liquidity on its books of ~Rs. 2,584 Mn as on 31st March 2021 in the form of FDs or liquid NCDs/ MFs which can be liquidated in case of any unanticipated business needs.
- Highly independent Board at ACPL & AFPL – To ensure fairness for every stakeholder; Avendus' board compromises of many highly experienced, expert and independent professionals both at ACPL & AFPL level.

Weaknesses

- Risks inherent in wholesale lending - AFPL commenced its lending operations in 2016 and has been primarily focused on wholesale lending segment. The Company offers structured credit solutions, the key offerings are promoter funding, corporate finance, structured debt solutions and acquisition finance. The loans have an average ticket size of Rs. 400 Mn and above for a tenure ranging 3 to 4 years. As on March 2021, approximately 90% of the book is under structured finance.

  Mitigant: AFPL has been very selective and conservative in its underwriting process. The investment team has a collective experience of close to five decades. The team uses superior understanding of client's businesses to offer bespoke financing solutions. It also leverages on Avendus group's advisory / corporate finance expertise to understand investment thesis of the client's business and which helps in further fine tuning the credit structure. AFPL carries out a detailed due diligence process with help of best-in-class vendors. Most of the portfolio would have security cover of 2x to 3x times. As a strong mitigant they take complete pledge of the shares of promoters to keep things under their control. AFPL believes in Cash flow backed lending and the said Cash flows are routed through Escrow mechanism which gives AFPL an edge to monitor situations better. The portfolios are monitored by an independent team on a regular basis.

- Limited track record in lending operations: AFPL has a limited track record of lending operations since most of the exposures have been initiated over past four years i.e. FY 2017-FY 2021.

  Mitigant: The Avendus group is recognized among the top players in the IB domain, given its ability to execute complex transactions. The promoters have demonstrated their expertise in several sectors such as technology, consumer goods, healthcare, digital, and business process outsourcing by successfully executing several IB transactions for over two decades. Over the years the group has developed strong relationships with several corporates in the mid-market space. Leveraging existing relationships in the mid-corporate space will create business opportunities for the financing businesses. Also, the NBFC would benefits from the strong track record of the promoters in Investment Banking (IB), They can rely on the in-depth domain expertise and understanding of diverse regulatory frameworks to identify value creating opportunities. AFPL can thereby easily craft bespoke solutions for their clients and partners with the pooled intellectual capital of their team.

Threats

- Ease of entry in the Structured Credit Business and lower cost of funding of its competitors – AFPL considers that there are limited commercial banks and other NBFCs which operate in structured finance space in a focused manner. The institutions with which company competes have lower cost of funding than the company. In certain areas, they may also have better name recognition and larger member bases than the company. Such banks and NBFCs might get aggressive and offer loans to the similar clientele. It is possible that their activities in this sector could increase, resulting in competition that adversely affects its profitability and financial position. Also, there might be new entrants in the said space given the flexibility of entry.

Mitigant: AFPL believes that its deep understanding of the mid-market space, sector expertise, approach of underwriting assets, credit analysis and portfolio management capabilities are all sources of competitive strength and are a mitigant to this risk.

- Interest rate volatility risk - If the cost of the loans that the company borrows, increases, due to either market or credit movements, the net interest margin might reduce and adversely affect the Company's financial condition.

  Mitigant: As part of the interest rate policy, AFPL is giving floating rate loans in many cases which helps protects the margins caused by any volatility in interest rates.

- Impact of the current COVID-19 Pandemic. Given occurrence of recent pandemic of COVID 19 or any other such pandemic, any unforeseeable circumstances beyond the control of the company against which it would not have been reasonably expected of the company to take precautions and which cannot be avoided even by using their best efforts, may impact the credit quality of the loan portfolio of the company and significantly hamper its capability to raise or service liabilities.

  Mitigant: AFPL, as a process has a Business Continuity Plan in place to run its business in pandemic times. Also, the relationship of AFPL with the customers & its constant engagement with them, to guide them and support them in these challenging times, would help the company mitigate the risk to certain extent.

Opportunities

- Inherent structural weakness in banking sector resulting in new opportunity to NBFCs – Due to the large scale of operations, banks are unable to provide bespoke customized solutions to the clients, leaving an opportunity for NBFCs like AFPL to fill in the space.

Internal Control Systems & Adequacy

AFPL has adequate internal controls systems and procedures covering key financial and operating functions commensurate with the size and nature of operations. These systems ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded, and reported correctly. AFPL carries out extensive internal audit, policy reviews, guidelines, and procedures to ensure that the internal control systems are adequate to protect AFPL against any loss or misuse of its assets.

Key Risks

AFPL deals with multiple client segments and is exposed to various risks as under:

Credit Risk:

The credit risk framework of AFPL ensures prior and periodic comprehensive assessment of every client, counterparty, and collateral. The credit policy encompasses credit approval process along with guidelines for monitoring & mitigating the risks which are associated with them. Exposure limits are sanctioned to counterparties based on their credit worthiness. The committee while sanctioning any loan or investment exercises the highest level of due diligence and ensures adherence to the credit policy and other regulatory guidelines.

Market Risk:

The market risk management involves monitoring risk due to adverse changes in asset prices, interest rates, credit spreads, correlations between various assets and volatility. A detailed risk framework is created based on objective parameters to monitor the movement in value of security that is offered as collateral for our loans. A risk policy has been put in place with issuer level limits to mitigate risks while dealing in bonds and debentures.

Asset Liability Management Risk:

AFPL adopts a cautious liquidity strategy and maintains adequate liquidity to meet any unforeseen requirement. In addition, Asset Liability Mismatch (ALM) is appropriately managed in line with the regulatory guidelines. The objective of liquidity risk management is to ensure that the short-term and long-term fund requirements of the Company are met on a timely basis and a cost-efficient manner.

Operational Risk:

AFPL has put an operational framework to identify, assess and monitor risks, strengthen controls and to minimize operational losses. There is a constant review of all critical processes to proactively identify weak controls and strengthen the same.

IT Security Risk:

AFPL has laid out processes to identify, monitor and mitigate IT Security Risks. Cyber Security is integrated in the IT Security policies and procedures to mitigate the risk. There is a process for regular review of access to protect from insider threats and frauds. Employee awareness and training programs are also conducted on dealing with security risks and cyber threats. The IT security has been further upgraded with an additional layer to secure access from outside to systems (VPN access), for the work-from home environment during the lockdown.

Risk management is key to growth and would continue to remain a focus area for the company.

Human Resources

AFPL sets the bar in financial services by creating significant value for its clients. Towards this end, the best-in-class professionals are hired and given enriching work opportunities.

Amongst the strengths, is the performance appraisal system, which has helped to instil fairness and development orientation in the organization. The process of Performance Appraisal is based on evaluations against pre-set and clearly documented goals also known as KRAs and which helps provide focus and direction to the team and hence achieve favourable outcomes at an organizational level.

Some of the highlights of FY21 are summarized below:

- FY 21 ended with a total headcount of 19 under the payroll of AFPL
- Onboarded the Wealth Lending team during the Financial Year

Customer Centricity

In today's world when the mid-market is fiercely competitive and switching costs are too low, customer satisfaction is the most important aspect in the industry. At AFPL, the importance of customer satisfaction is recognized and appreciated for it to be the bedrock of the entire financial service industry. AFPL considers itself to be one of the most agile organizations in the structured finance domain & is respected in the client community for its ability to solve complex situations related to their business. AFPL believes that customer centricity of its clients is based on four pillars: understand the problem, deliver with solution, respond and be agile towards situations & go the extra mile. This is the motto towards serving the growing entrepreneurial community of India.

Cautionary Statement

Statements made in this Annual Report may contain certain forward-looking statements, which are tentative, based on various assumptions on the AFPL present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and AFPL does not undertake any obligation to update these statements. AFPL has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. The discussion relating to business wise financial performance, financial statement, asset books of AFPL and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data.

For and on behalf of the Board of Directors

Kaushal Aggarwal

Director

DIN: 00153487

Place: Mumbai
Date: May 20, 2021

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INDEPENDENT AUDITORS' REPORT

To The Members of Avendus Finance Private Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Avendus Finance Private Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with 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 31 March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 49 to the financial statements, which describe the potential continuing impact of the COVID-19 Pandemic on the Company's financial statements and particularly the impairment provisions are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditors' Response
1	**Impairment of loans:** As at the year end, the Company has reported financial assets carried at amortised cost in the form of loans granted aggregating to Rs. Rs. 1,07,701.07 Lakh net of provision for Expected Credit Loss (ECL) of Rs. 6,019.88 Lakh. Management estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are: • Timely Identification and classification of the impaired loans; • Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors; • Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact of RBI's Covid-19 regulatory circulars; • Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment arising out of the COVID 19 Pandemic, and • The disclosures made in the financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. Refer note 30 to the financial statements.	**Principal audit procedures performed:** We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of loans into stages including management's monitoring of stage effectiveness, credit monitoring, individual provisions and control over recording of journal entries and disclosures. We tested the completeness of loans included in the Expected Credit Loss calculations as of 31 March 2021. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining Exposure at Default (EAD) Probability of Default (PD) and Loss Given Default (LGD). We validated the competence and capability of the Management's expert who have provided the inputs to determine the PD and LGD. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in in the Management Discussion and Analysis and Directors Report (the "Reports"), 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 on the other information that we obtained prior to the date of this auditor's report, 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 and the reports .

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company does not have any pending litigations which would impact its financial position as at the year end.

   ii. The Company did not have any long-term contracts including derivative contracts as at the year end for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAFZ4607)

Place: Mumbai
Date:24 May 2021

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th -32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
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Maharashtra, India

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Avendus Finance Private Limited (the "Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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, to the best of our information and according to the explanations given to us 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, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm‘s Registration No.117366W/W - 100018)

G K Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAFZ4607)

Place: Mumbai
Date: 24 May 2021

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th -32nd Floor
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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of **Avendus Finance Private Limited** (the "Company") for the year ended March 31, 2021)

(i) (a) In our opinion and according to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(i) (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(i) (c) In our opinion and according to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) In our opinion and according to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or security to any director of the Company and hence the provisions of Section 185 of the Act is not applicable to the Company. The Company has complied with the provisions of Section 186 as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company.

(vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.

(vii) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:

(vii) (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it with the appropriate authorities. We have been informed that the activities of the Company are such that the provisions of Employees' State Insurance are not applicable to the Company.

(vii) (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(vii) (c) There are no dues of Income-tax, Goods and Services Tax and Customs Duty as on March 31, 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loan or borrowing from the government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Act do not apply to the Company and hence reporting on clause 3 (xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company has constituted an audit committee as per the requirement of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and is in compliance with Section 177 of the Companies Act, 2013. The second proviso to section 188 (1) of the Companies Act, 2013 is not applicable to the Company. The Company has complied with the other provisions of section 188 of the Companies Act, 2013 as regards the transactions with related parties. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of the related party transactions in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors, or directors of its holding company or persons connected with them. Further, the Company does not have any associates. Hence, the provisions of section 192 of the Companies Act, 2013 are not applicable.

Deloitte
Haskins & Sells LLP

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAFZ4607)

Place: Mumbai,
Date:24 May 2021

AVENDUS FINANCE PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

(INR in lakh)

	Assets	Note No.	As at March 31, 2021	As at March 31, 2020
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	2	2,047.23	11,863.70
(b)	Bank Balance other than (a) above	3	6,614.19	1,000.14
(c)	Receivables			
	(i) Trade Receivables	4	17.88	50.17
(d)	Loans	5	1,17,866.07	1,08,706.00
(e)	Investments	6	17,188.40	6,077.66
(f)	Other Financial assets	7	15.60	29.52
(2)	**Non-Financial Assets**			
(a)	Current tax assets (net)	15 (a)	172.90	78.48
(b)	Deferred Tax Assets (net)	8	2,220.48	431.99
(c)	Property, Plant and Equipment	9	22.22	32.83
(d)	Other non-financial assets	10	171.32	91.63
	Total Assets		**1,46,336.29**	**1,28,362.12**

	Liabilities and Equity	Note No.	As at March 31, 2021	As at March 31, 2020
	Liabilities			
(1)	**Financial Liabilities**			
(a)	Payables	11		
	Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		0.02	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		692.44	626.72
(b)	Debt securities	12	52,391.41	21,358.38
(c)	Borrowings (Other than Debt Securities)	13	23,060.15	36,409.29
(d)	Other financial liabilities	14	559.83	1,229.01
(2)	**Non-Financial Liabilities**			
(a)	Current tax liabilities (Net)	15 (b)	-	380.17
(b)	Provisions	16	58.64	62.67
(c)	Other non-financial liabilities	17	62.25	268.58
	Total Liabilities (A)		**76,824.74**	**60,334.82**
(3)	**Equity**			
(a)	Equity share capital	18	49,756.33	49,756.33
(b)	Other equity	19	19,755.22	18,270.97
	Total Equity (B)		**69,511.55**	**68,027.30**
	Total Liabilities and Equity (A+B)		**1,46,336.29**	**1,28,362.12**
	See accompanying notes forming part of the financial statements	**1-52**		

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

G.K. Subramaniam
Partner
Place : Mumbai

Kaushal Aggarwal
Managing Director & CEO
(DIN : 00153487)
Place : Mumbai

Gaurav Deepak
Director
(DIN : 00153524)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2021

Date : May 24, 2021

AVENDUS FINANCE PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2021

(INR in lakh)

	Particulars	Note No.	Year Ended March 31, 2021	Year Ended March 31, 2020
	Revenue from operations			
(i)	Interest Income	20	15,566.07	15,411.19
(ii)	Fees and commission Income		30.35	52.63
(iii)	Net gain on fair value changes	21	1,049.88	1,450.19
(I)	**Total Revenue from operations**		**16,646.30**	**16,914.01**
(II)	Other Income	22	194.60	11.78
(III)	**Total Income (I+II)**		**16,840.90**	**16,925.79**
	Expenses			
(i)	Finance Cost	23	6,535.95	5,973.48
(ii)	Impairment on financial instruments	24	4,482.21	1,249.67
(iii)	Employee Benefits Expense	25	1,714.43	2,511.52
(iv)	Depreciation, amortization and impairment	9	15.57	15.00
(v)	Other expenses	26	1,420.08	1,504.48
(IV)	**Total Expenses**		**14,168.24**	**11,254.15**
(V)	**Profit before tax (III-IV)**		**2,672.66**	**5,671.64**
(VI)	**Tax Expense:**			
	(1) Current Tax	27	2,450.00	1,905.00
	(2) Deferred Tax	27	(1,793.25)	(430.24)
			656.75	**1,474.76**
(VII)	**Profit for the year (V-VI)**		**2,015.91**	**4,196.88**
(VIII)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans;		18.91	10.43
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(4.76)	(2.62)
	Other Comprehensive Income		14.15	7.81
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		**2,030.06**	**4,204.69**
(X)	**Earnings per equity share (Face value of Re.1 /- each)**			
	Basic (Rs)	28	0.04	0.08
	Diluted (Rs.)	28	0.04	0.08
	See accompanying notes forming part of the financial statements	**1-52**		

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

G.K. Subramaniam
Partner
Place : Mumbai

Kaushal Aggarwal
Managing Director & CEO
(DIN : 00153487)
Place : Mumbai

Gaurav Deepak
Director
(DIN : 00153524)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2021

Date : May 24, 2021

AVENDUS FINANCE PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(INR in lakh)

	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
A	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Profit before tax	**2,672.66**	**5,671.64**
	Add / (Less) : Adjustments for		
	Depreciation	15.57	15.00
	Fair Value of debt securities and preference shares	(2.61)	33.52
	Interest income on fixed deposit	(145.90)	(7.07)
	Credit Impaired	-	1.03
	Impairment losses on financial instruments	4,482.21	1,249.67
	Gain on sale of mutual funds	(661.44)	(1,190.67)
	Fair value of loans	34.20	27.87
	Fair value of mutual funds	(33.28)	(0.15)
	Interest Expenses	6,535.95	5,973.48
	Interest Income on loans	(15,566.07)	(15,411.19)
	Share based payment	(545.80)	313.74
		(5,887.17)	**(8,994.77)**
	Operational Cash flows from Interest		
	Interest received on loans	13,964.77	13,674.54
	Interest paid on borrowings	(3,838.96)	(5,136.63)
	Operating Profit before Working Capital Changes	**6,911.30**	**5,214.78**
	Changes in Working Capital :		
	Adjustment for (increase)/decrease in operating assets:		
	Receivables	32.29	702.97
	Investments	(0.01)	4,645.03
	Loans	(12,075.18)	(18,089.79)
	Other Financial assets	13.92	(24.52)
	Other non-financial assets	(78.67)	13.78
		(12,107.65)	**(12,752.53)**
	Adjustment for increase/(decrease) in operating liabilities:		
	Payables	66.42	(381.32)
	Provisions	(4.03)	15.87
	Remeasurement impact defined benefit plan	18.91	10.43
	Other financial liabilities	(669.18)	1,001.30
	Other non-financial liabilities	(206.33)	85.50
		(794.21)	**731.78**
	Net Changes in Working Capital	(12,901.86)	(12,020.75)
	Cash flow from Operations	**(5,990.56)**	**(6,805.97)**
	Income Tax Paid (Net)	(2,924.59)	(1,918.95)
	Cash used in Operations	**(8,915.15)**	**(8,724.92)**
	Net Cash (used in) Operating Activities (A)	**(8,915.15)**	**(8,724.92)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Investments	(7,18,553.88)	(11,51,431.32)
	Proceeds from Sale of Investments	7,08,140.48	11,60,276.54
	Interest on Fixed Deposits	145.90	7.07
	Purchase of Fixed Assets	(6.67)	(29.32)
	Net Cash (used in) / from Investing Activities (B)	**(10,274.17)**	**8,822.97**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Borrowings and Debt Securities	43,687.58	26,408.91
	Repayment of Borrowings and Debt Securities	(28,700.68)	(14,346.60)
	Net Cash generated from Financing Activities (C)	**14,986.90**	**12,062.31**
	Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	**(4,202.42)**	**12,160.36**
	Cash and cash equivalents as at the beginning of the year	**12,863.84**	**703.48**
	Cash and cash equivalents as at the end of the year	**8,661.42**	**12,863.84**
	Cash and Cash Equivalents consist of :- (Refer note 2 & 3)		
	- Balance in Current Accounts	2,047.23	11,863.70
	- Balance in Fixed Deposits	6,614.19	1,000.14
		8,661.42	**12,863.84**

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (Ind AS-7) "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013.

2 Change in liabilities arising from financing activities

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening Balance	57,767.67	44,868.51
Borrowings and Debt Securities received during the year	43,687.58	26,408.91
Amortisation of Interest and other charges on Borrowings and Debt Securities	2,696.99	836.85
Repayment of Borrowings and Debt Securities during the year	(28,700.68)	(14,346.60)
Closing Balance	**75,451.56**	**57,767.67**

See accompanying notes forming part of the financial statements **1-52**

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

G.K. Subramaniam
Partner
Place : Mumbai

Kaushal Aggarwal
Managing Director & CEO
(DIN : 00153487)
Place : Mumbai

Gaurav Deepak
Director
(DIN : 00153524)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2021

Date : May 24, 2021

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Statement of Changes in Equity for the year ended March 31, 2021

I Equity Share Capital

(INR in lakh)

Particulars	Amount
Balance at April 1, 2019	49,756.33
Changes in equity share capital during the year	-
Balance at March 31, 2020	49,756.33
Changes in equity share capital during the year	-
Balance at March 31, 2021	**49,756.33**

II Other equity

(INR in lakh)

Particulars	Reserves and Surplus				Other Comprehensive Income	Contribution from Holding Company	Total
	Statutory Reserve	Securities Premium	General Reserve	Retained Earnings			
Balance as at April 1, 2019	**1,613.90**	**5,137.71**	**5.28**	**6,540.99**	**(1.40)**	**456.07**	**13,752.55**
Transfer to/from retained earnings	839.38	-	-	(839.38)	-	-	**-**
Share based payment	-	-	-	-	-	313.73	313.73
Profit for the year	-	-	-	4,196.88	-	-	4,196.88
Other Comprehensive Income for the year	-	-	-	-	7.81	-	7.81
Balance as at April 1, 2020	**2,453.28**	**5,137.71**	**5.28**	**9,898.49**	**6.41**	**769.80**	**18,270.97**
Transfer to/from retained earnings	403.29	-	-	(403.29)	-	-	**-**
Share based payment	-	-	-	-	-	(545.81)	(545.81)
Profit for the year	-	-	-	2,015.91	-	-	2,015.91
Other Comprehensive Income for the year	-	-	-	-	14.15	-	14.15
Total Comprehensive Income	**403.29**	**-**	**-**	**1,612.62**	**14.15**	**(545.81)**	**1,484.25**
Balance as at March 31, 2021	**2,856.57**	**5,137.71**	**5.28**	**11,511.11**	**20.56**	**223.99**	**19,755.22**

See accompanying notes forming part of the financial statements **1-52**

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

G.K. Subramaniam
Partner
Place : Mumbai

Kaushal Aggarwal
Managing Director & CEO
(DIN : 00153487)
Place : Mumbai

Gaurav Deepak
Director
(DIN : 00153524)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai
Date : May 24, 2021

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2021

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. General information

Avendus Finance Private Limited ('the Company') is a systematically important non deposit taking, Non- Banking Financial Company ('NBFC'), as defined under section 45IA of the Reserve Bank of India Act, 1934. The Company has been issued a registration certificate by the Reserve Bank of India ('RBI') to operate as an NBFC and is principally engaged in lending activities.

1.1 Basis of Preparation

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

The financial statements have been prepared on a historical cost basis except for certain financial instruments - measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements have been prepared on accrual and going concern basis. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use These financial statements were authorized for issue by the Company's Board of Directors on May 24, 2021.

B. Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 (the Act) applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and Financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:
i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

C. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

I. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

II. Impairment of loans portfolio

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

The Company's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust as and when necessary.

III. Fair value of financial instruments

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

IV. Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

v. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

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

1.2 Standard issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

1.3 Significant accounting policies

A. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

B. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

a. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
b. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in statement of profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Deprecation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. Estimated useful lives of assets based on technical evaluation by management are as follows:

Furniture and Fixtures	5 years
Computers - (Mobile Instruments)	2 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Derecognition

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

C. Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation.

The Company recognises Fees & Commission Income based on a five step model as set out in Ind AS 115:

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

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

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

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

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

i. All fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due.
ii. Revenue comprising of Consultancy/management fees are recognized as per the terms of arrangements entered into with individual parties. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

Interest Income

Interest income on financial assets is recognized on an accrual basis using effective interest method. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under impairment stages 1 and 2 as against on amortised cost for the assets falling under impairment stage 3.

Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Company on the reporting date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed as "Net loss on fair value change" under Expenses in the Statement of Profit and Loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain / loss on fair value changes. However, net gain/loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss."

Loan Processing Fees

Loan processing fees is collected towards processing of loan, is amortised on EIR basis over the life of the loan

D. Finance Costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the life of loan. The EIR in case of a financial liability is computed
a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows
c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.
Any subsequent changes in the estimation of the future cash flows is recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.
Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc., provided these are incremental costs that are directly related to the issue of a financial liability.

E. Employee benefits

Defined Contribution Plan

Provident Fund

The eligible employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently @ 12% of employee's basic salary). Contribution as required by the statute, made to the Government Provident Fund is charged to revenue.

Defined Benefit Plan

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs upon completion of five years of service. Provision for gratuity has been made in the books as per actuarial valuation done as at the end of the year using the projected unit credit method.

Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income in the year they are incurred. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

Compensated Absences

The liability for short-term compensated absences is recognised in the year in which services are rendered by employees.

Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentives.

Employee Stock Option Plans

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

Equity settled employee stock option plans issued by the holding company to the employees of the Company is accounted for as a Capital contribution from holding company. The corresponding expense at fair value of the option is recognised in the statement of profit and loss.

F. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset only if:

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

G. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

H. Impairment of non-financial assets

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

I. Financial Instruments

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

Financial assets

Classification
The Company classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

Business model assessment
The Company makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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

Financial asset at fair value through Other Comprehensive Income (FVOCI)

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI. The impairment losses, if any, are recognized through profit and loss account. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset.

Financial asset at fair value through profit and loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss account.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost.

Debt securities and other borrowed funds
After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

Financial Liabilities at fair value through profit or loss (FVTPL)

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit & Loss.

Reclassification

If the business model under which the Company holds financial assets undergoes changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described in subsequent paragraphs

J. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI is credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired includes the observable data such as Days Past Due ('DPD') or default event.

ECL are a probability weighted estimate of credit losses, measured as follows:

- Financial assets that are not credit impaired at the reporting date:
  ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD').

The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio..

The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The EAD is an estimate of the exposure at a future default date including the undrawn commitments.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, letters of credit/guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral.

For trade receivables, the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (Lifetime ECL)

The Company applies a three-stage approach to measure ECL on financial assets measured at amortised cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

- Stage 1: 12 month ECL
  For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- Stage 2: Lifetime ECL (not credit impaired):
  At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.

  For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- Stage 3: Lifetime ECL (credit impaired):

  Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

  If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

  Method used to compute lifetime ECL:

  The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Company applies statistical techniques to estimate lifetime ECL.

K. Write-offs

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

L. Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights 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 a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the

Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit and loss account. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income or other gain or loss as appropriate.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit or loss.

M. Measurement of fair values

The Company's accounting policies and disclosures require fair value measurement of loans.

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Certain loans given by the Company are measured at FVTPL.

N. Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

O. Contingent Liabilities

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

P. Cash Flow Statement

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

Q. Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months.

R. Segment Reporting

As per the requirements of Ind AS 108 on “Operating Segments”, segment information has been provided under the Notes to Financial Statements

S. Leases

The Company as a Lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 2. Cash and cash equivalents *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks (of the nature of cash and cash equivalents);		
- In Current Accounts	2,047.23	11,863.70
Total	**2,047.23**	**11,863.70**

Note 3. Bank Balance other than (a) above *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
In Deposit Accounts	6,614.19	1,000.14
Total	**6,614.19**	**1,000.14**

Note 4. Receivables *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables		
(a) Considered good -Unsecured	17.88	50.17
Less: Allowance for impairment loss	-	-
(b) Credit Impaired	6.31	6.31
Less: Allowance for impairment loss	(6.31)	(6.31)
Total	**17.88**	**50.17**

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 5. Loans

(INR in lakh)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At Fair Value through profit and loss account	Total	Amortised cost	At Fair Value through profit and loss account	Total
Term Loans	1,07,701.07	16,184.88	1,23,885.95	92,566.67	17,677.00	1,10,243.67
			-			
Total (A) Gross	**1,07,701.07**	**16,184.88**	1,23,885.95	**92,566.67**	**17,677.00**	**1,10,243.67**
Less: Impairment allowance on financial instrument	(6,019.88)	-	(6,019.88)	(1,537.67)	-	(1,537.67)
Total (A) Net	**1,01,681.19**	**16,184.88**	**1,17,866.07**	**91,029.00**	**17,677.00**	**1,08,706.00**
(i) Secured by tangible assets	7,777.12	-	7,777.12	25,228.15	717.43	25,945.58
(ii) Covered by Bank Guarantee	-	-	-	-	-	-
(iii) Other including securities	99,923.95	16,184.88	1,16,108.83	64,870.05	16,959.57	81,829.62
(iv) Unsecured	-	-	-	2,468.47	-	2,468.47
Total (B) Gross	**1,07,701.07**	**16,184.88**	**1,23,885.95**	**92,566.67**	**17,677.00**	**1,10,243.67**
Less: Impairment loss allowance	(6,019.88)	-	(6,019.88)	(1,537.67)	-	(1,537.67)
Total (B) Net	**1,01,681.19**	**16,184.88**	**1,17,866.07**	**91,029.00**	**17,677.00**	**1,08,706.00**
C. Loans In India						
(i) Public Sectors	-	-	-	-	-	-
(ii)Others	1,07,701.07	16,184.88	1,23,885.95	92,566.67	17,677.00	1,10,243.67
Total (C) Gross	**1,07,701.07**	**16,184.88**	**1,23,885.95**	**92,566.67**	**17,677.00**	**1,10,243.67**
Less: Impairment allowance on financial instrument	(6,019.88)	-	(6,019.88)	(1,537.67)	-	(1,537.67)
Total (C) Net	**1,01,681.19**	**16,184.88**	**1,17,866.07**	**91,029.00**	**17,677.00**	**1,08,706.00**
(D) Loans Outside India						
Loans Outside India	-	-	-	-	-	-
Less: Impairment allowance on financial instrument	-	-	-	-	-	-
Total D (Net)	**-**	**-**	**-**	**-**	**-**	**-**
Total (C+D)	**1,01,681.19**	**16,184.88**	**1,17,866.07**	**91,029.00**	**17,677.00**	**1,08,706.00**

* There are no loans measured at Fair value through Other Comprehensive Income and Designated Profit & Loss Account.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 6. Investments

(INR in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
	At Fair Value through profit and loss account	At Fair Value through profit and loss account
Investments		
- Mutual fund units	17,182.26	6,074.14
- Equity	0.01	-
- Preference Shares	6.13	3.52
Total – Gross (A)	**17,188.40**	**6,077.66**
(i) Investments outside India	-	-
(ii) Investments in India	17,188.40	6,077.66
Total (B)	**17,188.40**	**6,077.66**
Total (A) to tally with (B)		
Less: Impairment loss allowance (C)	-	-
Total – Net D= (A)-(C)	**17,188.40**	**6,077.66**

* There are no investments measured at Amortised cost, Fair value through Other Comprehensive Income and Designated Profit & Loss Account.

Note 7. Other Financial Assets *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits to Others	15.60	29.52
Total	**15.60**	**29.52**

Note 8. Deferred tax balances *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	2,220.48	431.99
Net Deferred Tax Assets	**2,220.48**	**431.99**

Note 9. Property, Plant and Equipment

(INR in lakh)

Particulars	**As at March 31, 2021**			**As at March 31, 2020**		
	Office Equipments	**Computers**	**Total**	**Office Equipments**	**Computers**	**Total**
Gross Block						
As at the beginning of the year	24.53	34.21	58.74	8.08	25.87	33.95
Additions	0.30	5.35	5.65	18.23	9.05	27.28
Disposals	(1.71)	-	(1.71)	(1.78)	(0.71)	(2.49)
As at the end of the year (A)	**23.12**	**39.56**	**62.68**	**24.53**	**34.21**	**58.74**
Accumulated Depreciation						
As at the beginning of the year	6.84	19.07	25.91	3.22	9.25	12.47
Depreciation for the year	5.60	9.97	15.57	4.47	10.53	15.00
Disposals	(1.02)	-	(1.02)	(0.85)	(0.71)	(1.56)
As at the end of the year (B)	**11.42**	**29.04**	**40.46**	**6.84**	**19.07**	**25.91**
Net carrying amount as at the end of the year (A-B)	**11.70**	**10.52**	**22.22**	**17.69**	**15.14**	**32.83**

Note 10. Other Non-financial Assets *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	3.06	2.04
Advance to Vendors	-	1.55
Balances with Government authorities	144.79	71.58
Prepaid expenses	23.47	16.46
Total	**171.32**	**91.63**

Note 11. Payables *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note No. 45)	0.02	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	692.44	626.72
Total	**692.46**	**626.72**

Note 12. Debt Securities

(INR in lakh)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total
	1	2	3	(4)=(1)+(2)+(3)	1	2	3	(4)=(1)+(2)+(3)
Debt Securities (Secured)	49,920.16	-	-	49,920.16	21,358.38	-	-	21,358.38
Commercial Papers (Unsecured)	2,471.25	-	-	2,471.25	-	-	-	-
Total (A)	**52,391.41**	**-**	**-**	**52,391.41**	**21,358.38**	**-**	**-**	**21,358.38**
Debt securities in India	52,391.41	-	-	52,391.41	21,358.38	-	-	21,358.38
Debt securities outside India	-	-	-	-	-	-	-	-
Total (B) to tally with Total (A)	**52,391.41**	**-**	**-**	**52,391.41**	**21,358.38**	**-**	**-**	**21,358.38**

Particulars and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 20 September 2021.	11.00% p.a.	At Maturity	11,796.98	10,523.75
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 7 August 2023.	11.25% p.a.	At Maturity	10,233.49	-
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 15 September 2022.	11.60% p.a.	At Maturity	6,606.60	-
The debentures are secured by a first pari passu charge by way of hypothecation of 1.25 times of the book debts / loan receivables of the Company and are redeemable on 31 January 2022	9.80% p.a.	At Maturity	5,326.22	-
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 12 February 2024.	9.35% p.a.	At Maturity	5,074.97	-
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 20 March 2023.	8.80% p.a.	At Maturity	3,413.75	-
The debentures are secured by a first pari passu charge by way of hypothecation of 1.25 times of the book debts / loan receivables of the Company and are redeemable on 24 January 2022	9.80% p.a.	At Maturity	3,201.37	-
The debentures are secured by a first pari passu charge by way of hypothecation of 1.25 times of the book debts / loan receivables of the Company and are redeemable on 23 June 2023	10.50% p.a.	At Maturity	2,687.59	-
Commercial Papers are unsecured and are payable in 90 days on 31 May 2021. Maximum amount outstanding of Commercial paper at any time during the year was Rs. 2,500 lakhs.	7.00% p.a.	At Maturity	2,471.25	-
The debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 24 September 2023	10.25% p.a.	At Maturity	1,579.19	-
The debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 17 July 2020	Interest of 1 year MCLR + Spread	At Maturity	-	10,834.63

Note 13. Borrowings (other than Debt Securities)

(INR in lakh)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total
	1	2	3	(4)=(1)+(2)+(3)	1	2	3	(4)=(1)+(2)+(3)
Secured								
Term loans								
(i) from banks	20,046.64	-	-	20,046.64	30,000.38	-	-	30,000.38
(ii) from other parties	3,013.51	-	-	3,013.51	4,000.00	-	-	4,000.00
(iii) Other loans (Cash credits from Banks)	-	-	-	-	2,408.91	-	-	2,408.91
Total (A)	23,060.15	-	-	23,060.15	36,409.29	-	-	36,409.29
Borrowings in India	23,060.15	-	-	23,060.15	36,409.29	-	-	36,409.29
Borrowings outside India	-	-	-	-	-	-	-	-
Total (B) to tally with Total (A)	**23,060.15**	**-**	**-**	**23,060.15**	**36,409.29**	**-**	**-**	**36,409.29**

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020
(i) From Banks				
Term Loan from Kotak Mahindra Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of 1.25 times of book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 11 equal quarterly instalments after moratorium period of 15 months	1,969.80	3,772.73
Term Loan from Kotak Mahindra Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of 1.25 times of book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 16 equal quarterly instalments	2,823.67	4,042.19
Term Loan from Catholic Syrian Bank is taken for a tenure of 60 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 16 equal quarterly instalments after moratorium period of 12 months	1,717.14	2,342.14
Term Loan from Catholic Syrian Bank is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 9 equal quarterly instalments after moratorium period of 12 months	2,500.00	-
Term Loan from HDFC Bank Limited is taken for a tenure of 42 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 11 equal quarterly instalments after moratorium period of 9 months	-	1,834.08
Term Loan from HDFC Bank Limited is taken for a tenure of 42 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 10 equal quarterly instalments after moratorium period of 12 months	-	2,017.48

Note 13. Borrowings (other than Debt Securities) (continued)

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020
Term Loan from Karur Vyasa Bank is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 12 equal quarterly instalments	2,484.83	-
Term Loan from IDFC Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 12 equal quarterly instalments after moratorium period of 12 months	2,500.00	4,167.98
Term Loan from DCB Bank Limited is taken for a tenure of 60 months and is secured by a first pari passu charge by way of hypothecation of the 1.25 times book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 15 equal quarterly instalments after moratorium period of 15 months	2,666.41	3,999.70
Term Loan from Federal Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR	To be repaid in 10 equal quarterly instalments after moratorium period of 18 months	2,000.00	3,600.00
Term Loan from AU Small Finance Bank Limited is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the 1.10 times book debts / loan receivable of the Company.	Interest of 1 year TBILL plus spread	To be repaid in 12 equal quarterly instalments	1,384.79	4,205.49
(ii) From Others				
Term Loan from Tata Capital Financial Services Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of Tata's LTLR - Spread	To be repaid in 12 equal quarterly instalments after moratorium period of 12 months	3,013.51	4,018.59
(iii) Other loans (Cash credits from Banks)				
Cash Credit from HDFC Bank Limited is taken and is secured by first pari passu charge by way of hypothecation of the 1.20 times book debts/ loan receivable of the Company.	1 year MCLR +Spread	On Demand	-	2,408.91

Note 14. Other Financial Liabilities *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Advance received	-	371.45
(b) Others		
- Payable to Related Parties	559.83	857.56
Total	**559.83**	**1,229.01**

Note 15 (a). Current tax assets *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets		
- Advance Income Tax	6,857.90	2,408.48
Current tax liabilities		
- Income tax payable	6,685.00	2,330.00
Net tax assets	172.90	78.48

Note 15 (b). Current tax liabilities *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax liabilities		
- Income tax payable	-	3,091.92
Current tax assets		
- Advance Income Tax	-	2,711.75
Net tax liabilities	-	380.17

Note 16. Provisions *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
- Gratuity (Refer Note No 32)	48.05	42.77
- Compensated absence	10.59	19.90
Total	**58.64**	**62.67**

Note 17. Other Non Financial Liabilities *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Revenue received in advance;	14.16	169.35
(b) Others		
- Statutory remittances (includes Provident Fund, Professional Tax, Tax Deducted at Source)	48.09	99.23
Total	**62.25**	**268.58**

Note 18. Share Capital (INR in lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Authorised: Equity Shares of ₹ 1/- each	5,25,00,00,000	52,500.00	5,25,00,00,000	52,500.00
Issued, Subscribed and Paid up: Equity Shares of ₹ 1/- each fully paid up (All the above shares are held by Avendus Capital Private Limited, the holding Company, together with its nominees)	4,97,56,33,325	49,756.33	4,97,56,33,325	49,756.33
Total	**4,97,56,33,325**	**49,756.33**	**4,97,56,33,325**	**49,756.33**

Notes:

(a) Rights, Preferences and Restrictions attached to equity shares :

- Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
- The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013.
- Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company.

(b) Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the year

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Number of shares	₹	Number of shares	₹
Shares outstanding at the beginning of the year	4,97,56,33,325	49,756.33	4,97,56,33,325	49,756.33
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,97,56,33,325	49,756.33	4,97,56,33,325	49,756.33

(c) Details of Shares held by each Shareholder holding more than 5% shares

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Avendus Capital Private Limited, the holding Company, together with its nominees	4,97,56,33,325	100.00%	4,97,56,33,325	100.00%

(d) Matters relating to the Company's objective, policies and processes for managing capital are disclosed under Note No. 33 Capital Management

Note 19. Other Equity *(INR in lakh)*

Particulars	As at March 31, 2021	As at March 31, 2020
Contribution from Holding Company		
Opening Balance	769.80	456.07
Additions	(545.81)	313.73
Closing	**223.99**	**769.80**
Statutory Reserve		
Opening Balance	2,453.28	1,613.90
Transfer from retained earnings	403.29	839.38
Closing	**2,856.57**	**2,453.28**
Securities Premium		
Opening Balance	5,137.71	5,137.71
Closing	**5,137.71**	**5,137.71**
General Reserve		
Opening Balance	5.28	5.28
Closing	**5.28**	**5.28**
Retained Earnings		
Opening Balance	9,898.49	6,540.99
Profit for the year	2,015.91	4,196.88
Transfer to Statutory reserve	(403.29)	(839.38)
Closing	**11,511.11**	**9,898.49**
Other comprehensive income - Defined Benefit Plan		
Opening Balance	6.41	(1.40)
Movement during the period	18.91	10.43
Income Tax on above	(4.76)	(2.62)
Closing	**20.56**	**6.41**
	19,755.22	**18,270.97**

Nature and purpose of reserve:

Contribution from Holding Company
Represents equity settled employee stock option plans issued by the Company for the shares of the Holding Company.

Statutory Reserve
As per the requirements of RBI, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit after tax every year as disclosed in the profit and loss account and before any dividend is declared. This is not available for distribution as dividend.

Securities Premium
Represents premium received on issue of shares of the Company. This is not available for distribution as dividend.

General Reserve
Represents appropriation of funds from retained earnings

Retained earnings
Represents surplus funds of the Company as per the statement of changes in equity.

Other comprehensive income
This reserve represents the impact of actuarial gains and losses on the unfunded obligation due to change in financial assumptions, change in demographic assumption, experience adjustments, etc. recognised through other comprehensive income.

Note 20. Interest income

(INR in lakh)

Particulars	Year Ended March 31, 2021			Year Ended March 31, 2020		
	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total
Interest on Loans	13,488.96	2,014.75	**15,503.71**	13,458.97	1,884.03	**15,343.00**
Interest income from investments	-	62.36	**62.36**	-	68.19	**68.19**
Total	**13,488.96**	**2,077.11**	**15,566.07**	**13,458.97**	**1,952.22**	**15,411.19**

Note 21. Net gain on fair value changes *(INR in lakh)*

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Net gain/ (loss) on financial instruments at fair value through profit and loss account :-		
a) On trading portfolio		
- Investments in mutual funds	694.72	1,190.82
- Investments in bonds and preference shares	389.36	287.24
- On Lending Portfolios	(34.20)	(27.87)
Net gain/(loss) on fair value changes	**1,049.88**	**1,450.19**
Fair Value changes:		
-Unrealised	(0.92)	(61.24)
-Realised	1,050.80	1,511.43

Note 22. Other income *(INR in lakh)*

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest on deposits with Banks	145.90	7.07
Other interest income	22.68	-
Miscellaneous Income	26.02	4.71
Total	**194.60**	**11.78**

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 23. Finance cost

(INR in lakh)

Particulars	Year Ended March 31, 2021			Year Ended March 31, 2020		
	On Financial Liabilities measured at fair value through profit or loss	On Financial Liabilities measured at Amortised Cost	Total	On Financial Liabilities measured at fair value through profit or loss	On Financial Liabilities measured at Amortised Cost	Total
Interest on borrowings	-	2,714.00	2,714.00	-	3,671.99	3,671.99
Interest on debt securities	-	3,821.95	3,821.95	-	2,301.49	2,301.49
Total	-	**6,535.95**	**6,535.95**	-	**5,973.48**	**5,973.48**

Note 24. Impairment losses on financial instruments *(INR in lakh)*

Particulars	Year Ended March 31, 2021			Year Ended March 31, 2020		
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
On Loans (Refer note no. 30)	-	4,482.21	4,482.21	-	1,249.67	1,249.67
Total	**-**	**4,482.21**	**4,482.21**	**-**	**1,249.67**	**1,249.67**

Note 25. Employee benefits *(INR in lakh)*

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries and wages including bonus	2,140.53	2,049.40
Contribution to provident and other funds	75.31	66.57
Share Based Payments to employees *	(545.80)	313.74
Staff welfare expenses	0.51	54.97
Others		
- Gratuity	24.19	23.40
- Compensated Absences	19.69	3.44
Total	**1,714.43**	**2,511.52**

* Net off reversal of expenses related to Employee Stock Option Plan due to options lapsed on account of separation of employee/s.

Note 26. Other expenses *(INR in lakh)*

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Rent and energy costs	114.86	201.81
Rates and Taxes	225.18	186.15
Repairs and maintenance	57.11	41.86
Communication Costs	7.42	10.34
Printing and stationery	3.55	7.72
Director's fees, allowances and expenses	28.50	12.00
Auditor's fees and expenses (Refer note below)	16.50	16.62
Legal and Professional charges	615.59	504.71
Software Expenses	48.16	264.07
Insurance	24.39	16.33
Travelling and Conveyance	23.26	31.99
Membership fees and Subscription	51.18	39.40
Corporate Social Responsibility Expenses	125.00	88.00
Miscellaneous Expenses	79.38	83.48
Total	**1,420.08**	**1,504.48**

(i) Remuneration to Auditors : *(INR in lakh)*

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
a) For audit	10.00	10.00
b) For taxation matters	2.00	2.00
c) For others & certification	4.50	4.62
Total	**16.50**	**16.62**

Note 27. Tax expense

(a) Amounts recognised in Statement of Profit and Loss *(INR in lakh)*

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current tax expense		
Current year	**2,450.00**	1,905.00
	2,450.00	1,905.00
Deferred tax expense		
Origination and reversal of temporary differences	**(1,793.25)**	(430.24)
	(1,793.25)	(430.24)
Tax expense for the year	**656.75**	**1,474.76**

(b) Amounts recognised in other comprehensive income *(INR in lakh)*

Particulars	Remeasurements of the defined benefit plans	
	Year ended 31 March 2021	Year ended 31 March 2020
Items that will not be reclassified to Statement of Profit and Loss		
Before tax	18.91	10.43
Tax (expense) benefit	(4.76)	(2.62)
Net of tax	**14.15**	**7.81**

(c) Reconciliation of effective tax rate *(INR in lakh)*

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax	**2,672.66**	5,671.64
Company's domestic tax rate	**25.17%**	25.17%
Tax using the Company's statutory tax rate	**672.71**	1,427.55
Tax effect of:		
Expenses not allowed under tax	**(15.73)**	(16.49)
Income not subject to tax	**-**	-
Change in tax rate	**-**	63.76
Others	**(0.23)**	(0.06)
Total tax expense	**656.75**	**1,474.76**
Tax expense as per profit and loss	**656.75**	**1,474.76**

Note 27. Tax expense (Continued)

(d) Movement in deferred tax balances

Movement in deferred tax balances for the year ended 31 March 2021 *(INR in lakh)*

Particulars	Net balance 1 April 2020	Recognised in profit or loss credit/(charge)	Recognised in OCI	Net balance 31 March 2021
Difference between carrying amount and tax base of fixed assets	1.04	1.01	-	2.05
Provision for Gratuity	8.40	6.09	(4.76)	9.73
Provision for Leave encashment	0.87	(2.34)	-	(1.47)
Borrowings	-	797.89	-	797.89
Fair valuation of mutual funds	-	(11.59)	-	(11.59)
Loans	421.68	1,002.19	-	1,423.87
Deferred tax asset/(liabilities)	**431.99**	**1,793.25**	**(4.76)**	**2,220.48**

Movement in deferred tax balances for the year ended 31 March 2020

Particulars	Net balance 1 April 2019	Recognised in profit or loss credit/(charge)	Recognised in OCI	Net balance 31 March 2020
Difference between carrying amount and tax base of fixed assets	0.04	1.00	-	1.04
Provision for Gratuity	5.13	5.89	(2.62)	8.40
Provision for Leave encashment	2.49	(1.62)	-	0.87
Fair valuation of mutual funds and debt securities	65.41	(65.41)	-	-
Loans	(68.70)	490.38	-	421.68
Deferred tax asset/(liabilities)	**4.37**	**430.24**	**(2.62)**	**431.99**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.
Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

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Note 28. Earnings per share (EPS)

Sr. No.	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
1	**Profit attributable to ordinary shareholders**		
	Profit for the year, attributable to ordinary shareholders (INR In lakh)	2,015.91	4,196.88
2	**Calculation of weighted average number of equity shares - Basic**		
	Number of shares at the beginning of the year	4,97,56,33,325	4,97,56,33,325
	Weighted average number of equity shares for the year	**4,97,56,33,325**	**4,97,56,33,325**
3	**Calculation of weighted average number of equity shares - Diluted**		
	Number of shares at the beginning of the year	4,97,56,33,325	4,97,56,33,325
	Weighted average number of equity shares for the year	**4,97,56,33,325**	**4,97,56,33,325**
4	**Earning per share**		
	Basic (Rs.)	**0.04**	0.08
	Diluted (Rs.)	**0.04**	0.08
5	**Nominal value of shares (Rs.)**	**1.00**	1.00

Note:

Weighted average number of shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

Note 29
Segment information

The Company's business is organised into two segments namely - "Lending Activities and allied activities" and "Treasury and Investment activities". The Lending activities include financing against securities, securitisation, debenture investment, and other loans / fee based services. The Treasury and Investments activities includes investment of funds in Bonds and Mutual Funds.

The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on financial information on a periodic basis.

Segment information: (INR in lakh)

Particulars		For the year ended March 31, 2021		
		Business segments		Total
		Lending Activities and allied activities	Treasury and Investments	
Segment Revenue				
Income from external customers				
	March 31, 2021	15,522.54	1,292.34	16,814.88
	March 31, 2020	15,367.76	1,553.32	16,921.08
Total Revenue				
	March 31, 2021	15,522.54	1,292.34	16,814.88
	March 31, 2020	15,367.76	1,553.32	16,921.08
Segment result				
	March 31, 2021	1,762.97	883.67	2,646.64
	March 31, 2020	4,368.87	1,298.06	5,666.93
Unallocable income				
	March 31, 2021	-	-	26.02
	March 31, 2020	-	-	4.71
Interest Income				
	March 31, 2021	15,503.71	62.36	15,566.07
	March 31, 2020	15,343.00	68.19	15,411.19
Interest Expense				
	March 31, 2021	6,535.95	-	6,535.95
	March 31, 2020	5,973.48	-	5,973.48
Revenue in India				
	March 31, 2021	15,522.54	1,292.34	16,814.88
	March 31, 2020	15,367.76	1,553.32	16,921.08
Revenue outside India				
	March 31, 2021	-	-	-
	March 31, 2020	-	-	-
Profit before taxes				
	March 31, 2021			2,672.66
	March 31, 2020			5,671.64
Tax expense				
	March 31, 2021			656.75
	March 31, 2020			1,474.76
Net profit for the year				
	March 31, 2021			2,015.91
	March 31, 2020			4,196.88

Particulars	For the year ended March 31, 2021		
	Business segments		Total
	Lending Activities and allied activities	Treasury and Investments Activities	
Other Information			
Carrying amount of segment assets			
March 31, 2021	1,17,948.30	23,802.59	1,41,750.89
March 31, 2020	1,08,838.57	7,077.80	1,15,916.37
Unallocated corporate assets			
March 31, 2021	-	-	4,585.40
March 31, 2020	-	-	12,445.75
Total assets			
March 31, 2021	-	-	1,46,336.29
March 31, 2020	-	-	1,28,362.12
Carrying amount of segment liabilities			
March 31, 2021	76,411.90	364.75	76,776.65
March 31, 2020	59,681.62	173.80	59,855.42
Unallocated corporate Liabilities			
March 31, 2021	-	-	48.09
March 31, 2020	-	-	479.40
Total liabilities			
March 31, 2021	-	-	76,824.74
March 31, 2020	-	-	60,334.82
Capital expenditure			
March 31, 2021	5.65	-	5.65
March 31, 2020	27.28	-	27.28
Depreciation and amortisation			
March 31, 2021	15.57	-	15.57
March 31, 2020	15.00	-	15.00
Corporate Assets in India			
March 31, 2021	1,17,948.30	23,802.59	1,41,750.89
March 31, 2020	1,08,838.57	7,077.80	1,15,916.37
Corporate Assets outside India			
March 31, 2021	-	-	-
March 31, 2020	-	-	-

Note:

Revenue has been identified to a segment on the basis of relationship to operating activities of the segment. Revenue which relates to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as “Unallocable”.

Segment Assets and Segment liabilities represent the assets and liabilities in respective segment. Segment Assets and Segment liabilities which relates to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as “Unallocable”.

The Company does not have a secondary segment. Accordingly, disclosures required under Ind AS 108 are not applicable.

Note 30

Loans / Investments at amortised cost

30.1 Credit quality of assets

(INR in lakh)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing grade	96,239.99	11,461.08	-	1,07,701.07	92,566.67	-	-	92,566.67
Under-performing grade	-	-	-	-	-	-	-	-
Non-performing grade	-	-	-	-	-	-	-	-
Total	**96,239.99**	**11,461.08**	**-**	**1,07,701.07**	**92,566.67**	**-**	**-**	**92,566.67**

30.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(INR in lakh)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount Opening Balance	**92,566.67**	**-**	**-**	**92,566.67**	**71,761.33**	**-**	**-**	**71,761.33**
New assets originated (net)	15,134.40	-	-	15,134.40	20,805.34	-	-	20,805.34
Assets derecognised or repaid (excluding write offs) (net)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(11,461.08)	11,461.08	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount Closing Balance	**96,239.99**	**11,461.08**	**-**	**1,07,701.07**	**92,566.67**	**-**	**-**	**92,566.67**

<u>Reconciliation of ECL balance is given below:</u>

(INR in lakh)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - Opening Balance	**1,537.67**	**-**	**-**	**1,537.67**	**288.00**	**-**	**-**	**288.00**
Incremental ECL on overall asset book	2,024.22	2,457.99	-	4,482.21	1,249.67	-	-	1,249.67
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(1,018.20)	1,018.20	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Unwind of discount	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - Closing Balance	**2,543.69**	**3,476.19**	**-**	**6,019.88**	**1,537.67**	**-**	**-**	**1,537.67**

<u>*Internal rating grades are classified on below basis</u>

Grade	Classification Basis (in days overdue)	Stage
Performing grade # (Advances with low credit risk and where there is no significant increase in credit risk)	0-30	Stage 1
Under-performing grade (Advances with significant increase in credit risk)	31-90	Stage 2
Non-performing grade (Advances that have defaulted / Credit impaired advances)	> 90	Stage 3

As part of management assessment of borrowers having stress on account of Covid-19, One Time Restructuring of facility of two borrowers was implemented as per the Resolution Framework of RBI Circular dated 6 August 2020 and consequently the same have been disclosed under Stage 2.

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Note 31
Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels.

(INR in lakh)

As at March 31, 2021	Carrying Amount				Fair Value			
Particulars	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
(i) Cash and cash equivalents	2,047.23	-	-	2,047.23				
(ii) Bank Balance other than Cash and cash equivalents	6,614.19	-	-	6,614.19				
(iii) Receivables	17.88	-	-	17.88				
(iv)Loans	1,01,681.19	16,184.88	-	1,17,866.07	-	-	16,184.88	16,184.88
(v) Investments	-	17,188.40	-	17,188.40	17,188.40	-	-	17,188.40
(vi) Others	15.60	-	-	15.60				
	1,10,376.09	**33,373.28**	**-**	**1,43,749.37**	**17,188.40**	**-**	**16,184.88**	**33,373.28**
Financial liabilities								
(i) Trade Payables (other than micro enterprises and small enterprises)	692.44	-	-	692.44				
(ii) Debt Securities	52,391.41	-	-	52,391.41				
(iii) Borrowings (other than debt securities)	23,060.15	-	-	23,060.15				
(iv) Others	559.83	-	-	559.83				
	76,703.83	**-**	**-**	**76,703.83**	**-**	**-**	**-**	**-**

As at March 31, 2020	Carrying Amount				Fair Value			
Particulars	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
(i) Cash and cash equivalents	11,863.70	-	-	11,863.70				
(ii) Bank Balance other than Cash and cash equivalents	1,000.14	-	-	1,000.14				
(iii) Receivables	50.17	-	-	50.17				
(iv) Loans	91,029.00	17,677.00	-	1,08,706.00	-	-	17,677.00	17,677.00
(v) Investments	-	6,077.66	-	6,077.66	6,077.66	-	-	6,077.66
(vi) Others	29.52	-	-	29.52				
	1,03,972.53	**23,754.66**	**-**	**1,27,727.19**	**6,077.66**	**-**	**17,677.00**	**23,754.66**
Financial liabilities								
(i) Trade Payables (other than micro enterprises and small enterprises)	626.72	-	-	626.72				
(ii) Debt Securities	21,358.38	-	-	21,358.38				
(iii) Borrowings (other than debt securities)	36,409.29	-	-	36,409.29				
(iv) Others	1,229.01	-	-	1,229.01				
	59,623.40	**-**	**-**	**59,623.40**	**-**	**-**	**-**	**-**

Notes:

a. Measurement of fair values : The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique
- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of Cash and cash equivalents, Receivables, Other Financial Assets, Trade payables and Other Financial Liabilities are considered to be the same as their 'fair values, due to their short - term nature.
Out of the above, fair value of financial assets and financial liabilities, other than loans and investments carried at Fair Value through Profit and Loss, approximates carrying amount.
The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique
Long term financial assets	The fair value of Long term financial assets is determined using discounted cash flow analysis. The valuation model considers the present value of expected receipt discounted using appropriate discounting rates. For quoted but not frequently traded instruments, observable market input is used to arrive at a fair value.

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework.
The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers, loans given to Customers and investments. The carrying amounts of financial assets represent the maximum credit risk exposure. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Methodology followed for ECL computation:

The Board of Directors of the Company have approved ‘Avendus Risk Rating and Expected Credit Losses Policy’ (the “ECL Policy”) for the purpose of ECL provision on Exposure at Default (EAD). The ECL Policy provides the framework for a) measurement of credit risk associated with counterparties and the facilities (credit exposures) through a Risk Rating Model for loans extended by the Company and b) quantification of the said risk through estimation of expected credit losses (ECL) on loans extended and investments made by the Company.
Avendus Risk Ratings are a representation of its current assessment the relative credit risk associated with the counterparties or facilities over the next 12 months period. Each rating would have an identified expected credit loss percentage assigned. The expected credit loss percentages are based on data provided by a Credit Rating Agency and Professional Accounting / Consulting firm based on the methodology as detailed in the ECL policy considering Counterparty Risk Rating, Facility Risk Rating and Program Risk Rating that incorporates both parts of the ECL framework – i.e. Probability of Default (PD) and Loss Given Default (LGD), each Avendus ECL Facility Risk Rating have an identified expected credit loss percentage assigned. In addition to above the management has performed an assessment of the entire loan portfolio, as part of the management overlay to determine the additional provision due to impact of Covid-19 as mentioned in Note 49.

a. Trade receivables

The Company has a policy under which each new customer is analysed individually for creditworthiness before offering credit period and delivery / service terms and conditions. The Company makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals.
Credit risk from trade receivables and loans is managed through the Company’s policies, procedures and controls relating to customer credit risk management by establishing credit limits, credit approvals and monitoring creditworthiness of the customers to which the Company extends credit in the normal course of business. Outstanding customer loans are regularly monitored.

Also the Company does not have any significant concentration of credit risk.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

(INR in lakh)

Particulars	Gross carrying amount as at	
	31 March 2021	31 March 2020
Not past due	-	-
Past due 1–180 days	17.88	41.90
More than 180 days	6.31	9.30
Less: Expected Credit Loss	(6.31)	(1.03)
	17.88	**50.17**

The following table provides information about the exposure to credit risk and expected credit loss for Loans:

(INR in lakh)

Particulars	Carrying amount as at			
	31 March 2021		31 March 2020	
	Individual	Collective	Individual	Collective
Opening Balance of Loan	83,292.92	9,273.75	68,410.18	3,351.15
Add :- Disbursement of Loan	57,991.34	-	60,371.74	22,611.70
Less :- Repayment of Loan	33,583.19	9,273.75	45,489.00	16,689.10
Closing Balance of Loan	**1,07,701.07**	**-**	**83,292.92**	**9,273.75**
Less :- Impairment (Refer note below)	6,019.88	-	1,530.76	6.91
Net Loans	**1,01,681.19**	**-**	**81,762.16**	**9,266.84**

Note : The movement in the allowance for impairment in respect of loans is as follows

(INR in lakh)

	31 March 2021	31 March 2020
Opening Balance	1,537.67	288.00
Add: Provisions made during the year on disbursements	4,482.21	1,249.67
Less : Write-off / write-back of excess provisions during the year	-	-
Closing Balance	6,019.88	1,537.67

b. Cash, cash equivalents and other bank balances

The Company held cash and cash equivalents and other bank balances of Rs. 2,047.23 lakh at 31 March 2021 (31 March 2020: Rs. 11,863.70 lakh). The cash and cash equivalents are held with banks with good credit ratings.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and bank balances at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

(INR in lakh)

31 March 2021	Gross carrying amount	Contractual Cashflows Total	Up to 1 Year	1 - 5 Years	More than 5 Years
Non derivative financial liabilities					
Trade Payables (other than micro enterprises and small enterprises)	692.44	692.44	692.44	-	-
Debt Securities	52,391.41	52,391.41	23,077.09	29,314.32	-
Borrowings (Other than debt securities)	23,060.15	23,060.15	11,718.70	11,341.45	-
Other financial liabilities	559.83	559.83	559.83	-	-
Total	**76,703.83**	**76,703.83**	**36,048.06**	**40,655.77**	**-**

(INR in lakh)

31 March 2020	Gross carrying amount	Contractual Cashflows Total	Up to 1 Year	1 - 5 Years	More than 5 Years
Non derivative financial liabilities					
Trade Payables (other than micro enterprises and small enterprises)	626.72	626.72	626.72	-	-
Debt Securities	21,358.38	21,358.38	10,109.47	11,248.91	-
Borrowings (Other than debt securities)	36,409.29	36,409.29	14,428.73	21,980.56	-
Other financial liabilities	1,229.01	1,229.01	1,229.01	-	-
Total	**59,623.40**	**59,623.40**	**26,393.93**	**33,229.47**	**-**

(i) The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates etc. – will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a. Currency risk

The functional currency of the Company is Indian rupees. The Company does not have any exposure to foreign currencies.

The Company does not have any exposure in any foreign currency as on 31st March 2021. (31st March 2020 - Nil)

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The management is responsible for the monitoring of the Company’s interest rate position. Various variables are considered by the management in structuring the Company’s borrowings to achieve a reasonable, competitive, cost of funding.

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

(INR in lakh)

Particulars	31 March 2021	31 March 2020
Fixed rate instruments		
Financial assets	93,602.38	65,249.50
Financial liabilities	52,391.41	21,358.38
	41,210.97	43,891.12
Variable rate instruments		
Financial assets	30,283.57	44,994.17
Financial liabilities	23,060.15	36,409.29
	7,223.42	8,584.88

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate would have resulted in variation in the interest expense for the entity by the amounts indicated in the table below. This analysis assumes that all other variables, remain constant. This calculation also assumes that the change occurs at the reporting date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the period.

(INR in lakh)

Particulars	Profit or (Loss)	
	100 bps increase	100 bps decrease
31 March 2021		
Variable rate instruments	72.23	(72.23)
Cash flow sensitivity	**72.23**	**(72.23)**
31 March 2020		
Variable rate instruments	85.85	(85.85)
Cash flow sensitivity	**85.85**	**(85.85)**

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(INR in lakh)

Particulars	Loans
Opening Balance(April 1, 2019)	18,683.77
Net change in fair value	(27.87)
Purchases	7,800.00
Reclassified	(7,621.90)
Repayments	(1,157.00)
Closing Balance (March 31, 2020)	**17,677.00**
Opening Balance(April 1, 2020)	**17,677.00**
Net change in fair value	(34.20)
Purchases	750.00
Repayments	(2,207.92)
Closing Balance (March 31, 2021)	**16,184.88**

Sensitivity analysis

For the fair values of loans, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant unobservable inputs	March 31, 2021				March 31, 2020			
	Assumptions		Profit or loss (INR in lakh)		Assumptions		Profit or loss (INR in lakh)	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate	21.50%	19.50%	(1.67)	1.67	22.50%	19.50%	(2.13)	1.87

Note 32

Employee benefits **(INR in lakh)**

A. Defined Contribution Plans

Contribution to Provident fund

Amount of Rs 75.31 lakhs (March 31, 2020: Rs 66.57 lakhs) is recognised as an expense and included in "Employee benefits" (refer note.25) in the Statement of Profit and Loss.

B. Defined Benefit Plans

Gratuity

The gratuity benefit payable to the employees of the Company is as per the provisions of the Payment of Gratuity Act, 1972, as amended. Under the gratuity plan, every employee who has completed at least 5 years of service gets gratuity on separation or at the time of superannuation calculated for equivalent to 15 days salary for each completed year of service calculated on last drawn basic salary.

The Company does not have a fund plan for gratuity liability

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

i. Reconciliation of present value of defined benefit obligation

	31 March 2021	31 March 2020
Defined benefit obligation at the beginning of the year	42.77	**29.80**
Current service cost	21.04	21.18
Past service cost	-	-
Interest cost	2.92	2.22
Liability Transferred (Out)/ (Divestments)	-	-
Liability Transferred In/ Acquisitions	0.23	-
Actuarial (gains) / losses recognised in Other Comprehensive Income	-	-
arising from changes in financial assumptions	1.70	(10.82)
arising from changes in demographic assumptions	-	-
arising on account of experience changes	(20.61)	0.39
Benefits paid directly by the company	-	-
Defined benefit obligation at the end of the year	**48.05**	**42.77**

ii. Amount recognised in Balance Sheet

	31 March 2021	31 March 2020
Defined benefit obligation	**(48.05)**	**(42.77)**
Fair value of plan assets	-	-
Net defined benefit (obligation)/assets	**(48.05)**	**(42.77)**

iii. Expense recognised in the Statement of Profit and Loss

	31 March 2021	31 March 2020
(i) Expense recognised in the Statement of Profit and Loss		
Current service cost	**21.04**	**21.18**
Past service cost	**-**	**-**
Interest cost	**2.92**	**2.22**
Liability Transferred In/ Acquisitions	**0.23**	**-**
	24.19	**23.40**
(ii) Expense recognised in the Other comprehensive income		
Actuarial (gains) losses on defined benefit obligations		
- arising from changes in financial assumptions	**1.70**	**(10.82)**
- arising from changes in demographic assumptions	**-**	**-**
- arising on account of experience changes	**(20.61)**	**0.39**
	(18.91)	**(10.43)**

iv. Actuarial assumptions

The principal assumptions used in determining gratuity benefit obligation for the Company's plan is shown below:

	31 March 2021	31 March 2020
Financial assumptions		
Discount rate	6.44%	6.82%
Salary escalation	7.00%	7.00%
Employee turnover	8.00%	8.00%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality are based on published Statistics & Mortality tables. The calculation of death benefit obligation is sensitive to the mortality assumptions.
The Company expects NIL contribution to be paid to its defined benefit plan in the next year.

v. Sensitivity analysis

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

	31 March 2021	31 March 2020
Quantitative sensitivity analysis for significant assumptions is as below:		
(Increase)/decrease on present value of defined benefit obligation at the end of the year		
(i) One percent point increase in discount rate	(4.29)	(3.73)
(ii) One percent point decrease in discount rate	4.97	4.30
(iii) One percent point increase in rate of salary increase	4.89	4.25
(iv) One percent point decrease in rate of salary increase	(4.31)	(3.76)
(iii) One percent point increase in employee turnover	(1.08)	(1.11)
(iv) One percent point decrease in employee turnover	1.12	1.14

Maturity Analysis of the Benefit Payments: From the Employer

Projected Benefits Payable in Future Years From the Date of Reporting	31 March 2021	31 March 2020
1st Following Year	0.99	0.12
2nd Following Year	1.67	0.83
3rd Following Year	2.84	2.29
4th Following Year	3.41	3.53
5th Following Year	4.10	3.97
Sum of Years 6 To 10	19.58	27.52
Sum of Years 11 and above	67.43	53.29

Code of Social Security
The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

Note 33
Capital management

(INR in lakh)

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company’s Capital Management is to maximise shareholders value.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash, cash equivalents and other bank balances. Total equity comprises all components of equity.

The Company's adjusted net debt to equity ratio is as follows:

Particulars	31 March 2021	31 March 2020
Debt securities	52,391.41	21,358.38
Borrowings (Other than Debt Securities)	23,060.15	36,409.29
Other Financial Liabilities	559.83	1,229.01
Gross debt	**76,011.39**	**58,996.68**
Less - Cash, cash equivalents & Other bank balances	8,661.42	12,863.84
Adjusted net debt	**67,349.97**	**46,132.84**
Total equity	**69,511.55**	**68,027.30**
Adjusted net debt to equity ratio	**0.97**	**0.68**

Note 34
I.Capital Commitments

Particulars	31 March 2021	31 March 2020
1. Estimated amount of contracts remaining to be executed on Intangible assets (Net of capital advance)	-	1.73
2. Estimated amount of contracts remaining to be executed on Tangible assets	-	3.21

II.Contingent Liabilities

Particulars	31 March 2021	31 March 2020
Contingent Liabilities	-	-

III. Other Commitments

1. In terms of an agreement entered into with Avendus PE Investment Advisors Private Limited, the investment manager to Avendus Structured Credit Fund - I (the Fund) the company has agreed to co - invest or co - lend alongside the Fund in each of the Portfolio companies wherein investments are made by the Fund (Primary investment), a specific percentage of such primary investment.

Note 35
Corporate Social responsibility

(INR in lakh)

a) Gross amount required to be spent by the Company during the year for Corporate Social Responsibility (CSR) :- Rs.125.00 lakhs; (Previous year Rs. 88.00 lakhs)
b) Following are the details of amount spent during the year for CSR:

Particulars	For the year ended March 31, 2021		
	Amount Spent	**Amount unpaid**	**Total**
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	125.00	-	125.00
Total			

Particulars	For the year ended March 31, 2020		
	Amount Spent	**Amount unpaid**	**Total**
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	88.00	-	88.00
Total			

Note 36

EMPLOYEE STOCK COMPENSATION :

(i) As approved by the Shareholders of the Avendus Capital Private Limited ("Holding Company") on December 23, 2016, May 9, 2018 and September 10, 2018; the company has granted stock options under the Employees Stock Option Scheme I 2016 (ESOP 2016) Employee Stock Option Scheme, 2018 (ESOP 2018 I) & Employee Stock Option Scheme II, 2018 (ESOP 2018 II) respectively.

(ii) The holding company had reserved a total of 73,331 equity shares of the holding Company (March 31, 2020: 73,331 equity shares) for issuance under ESOP 2016, ESOP 2018 I & ESOP 2018 II. The details of the plans for ESOPs are as follows:

A) Employees Stock Option Scheme I 2016 (ESOP 2016):

Type of Arrangement	ESOP 2016				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Grant Date	23 December 2016	29 May 2017	29 May 2017	29 May 2017	29 May 2017
No. of Options granted	5,685	1,522	760	1,268	1,521
Exercise Price (Rs.)	4,222.00	3,893.00	3,893.00	3,893.00	3,893.00
Contractual Life	Upto 4 years	4 years	4.53 years	5.53 years	6.53 years
Vesting Period	Over a period of 1 year from the date of grant	Over a period of 1 year from the date of grant	Over a period of 1.53 years from the date of grant	Over a period of 2.53 years from the date of grant	Over a period of 3.53 years from the date of grant
Weighted average remaining contractual life	Vested	0.16 Years	0.69 Years	1.69 Years	2.69 years
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Fair Value of the option (Rs.)	648.30	1,246.22	1,453.74	1,589.60	1,702.46

The particulars of number of options granted and lapsed under the aforesaid scheme are tabulated as under:

Particulars	ESOP 2016	
	As at March 31, 2021	As at March 31, 2020
Opening Balance	5,064	5,064
Granted during the year	NIL	NIL
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	NIL	NIL
Forfeited during the year	NIL	NIL
Closing Balance	5,064	5,064

Significant inputs used for Fair valuation of shares are as follows:

Particulars	ESOP 2016					
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Valuation Consideration
Risk free interest rate	6.34%	6.85% - 7.25%	6.85% - 7.25%	6.85% - 7.25%	6.85% - 7.25%	The risk free rate has been taken based on yield on G-Sec for option life
Exercise price per option (Rs.)	4,222	3,893	3,893	3,893	3,893	As per Scheme
Expected Volatility	35.84%	35.02%	35.02%	35.02%	35.02%	Based on historical data for industry comparables
Expected Dividend yield	1.5%	1.5%	1.5%	1.5%	1.5%	
Share Price on Grant date	3712.78	3712.78	3712.78	3712.78	3712.78	

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B) Employees Stock Option Scheme 2018 (ESOP 2018 I):

Type of Arrangement	ESOP 2018 I				
	Tranche I	**Tranche II**	**Tranche III**	**Tranche IV**	**Tranche V**
Grant Date	30 June 2018	30 June 2018	30 June 2018	30 June 2018	30 June 2018
No. of Options granted	5,366	3,616	18,056	19,139	4,208
Exercise Price	4994.42	4994.42	4994.42	4994.42	4994.42
Contractual Life	3.25 years	4.25 years	5.25 years	6.26 years	7.26 years
Vesting Period	Over a period of 1 year from the date of grant	Over a period of 1.50 - 1.60 years from the date of grant	Over a period of 1 - 2.61 years from the date of grant	Over a period of 2.75- 3.75 years from the date of grant	Over a period of 3.75 - 4.61 years from the date of grant
Weighted average remaining contractual life	0.50 years	1.50 years	2.50 years	3.51 years	4.51 years
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Fair Value of the option (Rs.)	1,198.48	1,489.46	1,734.47	1,940.18	2,112.60

The particulars of number of options granted and lapsed under the aforesaid scheme are tabulated as under:

Particulars	ESOP 2018 I	
	As at March 31, 2021	**As at March 31, 2020**
Opening Balance	43,081	50,385
Granted during the year	NIL	NIL
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	32,125	7,304
Forfeited during the year	NIL	NIL
Closing Balance	10,956	43,081

Particulars	ESOP 2018 I					
	Tranche I	**Tranche II**	**Tranche III**	**Tranche IV**	**Tranche V**	**Valuation Consideration**
Risk free interest rate *	7.59%- 8.14%	7.59%- 8.14%	7.59%- 8.14%	7.59%- 8.14%	7.59%- 8.14%	The risk free rate has been taken based on yield on G-sec for option life
Exercise price per option	4994.42	4994.42	4994.42	4994.42	4994.42	As per Scheme
Expected Volatility	33.41%	33.41%	33.41%	33.41%	33.41%	Based on historical data for industry comparables
Expected Dividend yield	1.5%	1.5%	1.5%	1.5%	1.5%	
Share Price on Grant date	4994.42	4994.42	4994.42	4994.42	4994.42	

C) Employees Stock Option Scheme II 2018 (ESOP 2018 II):

Type of Arrangement	ESOP 2018 II			
	Tranche I	Tranche II	Tranche III	Tranche IV
Grant Date	28 September 2018	28 September 2018	28 September 2018	28 September 2018
No. of Options granted	1,876	3,438	3,438	3,438
Exercise Price	4994.42	4994.42	4994.42	4994.42
Contractual Life	5 years	5.01 years	6.01 years	7.01 years
Vesting Period	Over a period of 1 year from the date of grant	Over a period of 1.51 years from the date of grant	Over a period of 2.51 years from the date of grant	Over a period of 3.51 years from the date of grant
Weighted average remaining contractual life	2.50 years	2.50 years	3.51 years	4.51 years
Method of Settlement	Equity	Equity	Equity	Equity
Fair Value of the option (Rs.)	1,329.44	1,595.53	1,820.76	2,006.50

The particulars of number of options granted and lapsed under the aforesaid scheme are tabulated as under:

Particulars	ESOP 2018 II	
	As at March 31, 2021	As at March 31, 2020
Opening Balance	12,190	12,190
Granted during the year	NIL	NIL
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	12,190	NIL
Forfeited during the year	NIL	NIL
Closing Balance	NIL	12,190

Particulars	ESOP 2018 II				
	Tranche I	Tranche II	Tranche III	Tranche IV	Valuation Consideration
Risk free interest rate	7.96%- 8.12%	7.96%- 8.12%	7.96%- 8.12%	7.96%- 8.12%	The risk free rate has been taken based on yield on G-sec for option life
Exercise price per option	4994.42	4994.42	4994.42	4994.42	As per Scheme
Expected Volatility	33.42%	33.42%	33.42%	33.42%	Based on historical data for industry comparables
Expected Dividend yield	1.5%	1.5%	1.5%	1.5%	
Share Price on Grant date	4994.42	4994.42	4994.42	4994.42	

(iii) Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 10/- each.

(iv) Value of stock option has been carried out by using Black and Scholes model, one of the globally accepted methods for valuing options.

Note 37 RELATED PARTY TRANSACTIONS

(a) Name of the related party and nature of relationship, where transactions have taken place

Sr.	Description of relationship	Names of related parties
1	Holding Company	Avendus Capital Private Limited
2	Fellow Subsidiary	Avendus Wealth Management Private Limited
3	Fellow Subsidiary	Avendus PE Investment Advisors Private Limited
4	Fellow Subsidiary	Avendus Capital Alternate Strategies Private Limited
5	Key Managerial Personnel	Sandeep Thapliyal- Managing Director & CEO (Resigned w.e.f. 27-06-2020)
6	Key Managerial Personnel	Kaushal Kumar Aggarwal - Managing Director and CEO (Appointed w.e.f. 27-06-2020)
7	Key Managerial Personnel	Ranu Vohra - Non Executive Director (Resigned w.e.f. 21-01-2021)
8	Key Managerial Personnel	Gaurav Deepak - Non Executive Director (Appointed w.e.f. 24-12-2020)
9	Key Managerial Personnel	Pijush Sinha - Non Executive Director
10	Key Managerial Personnel	Deba Prasad Roy- Indepndent Director
11	Key Managerial Personnel	Nitin Singh-Whole Time Director
12	Key Managerial Personnel	Padmaja Ruparel- Independent Director
13	Key Managerial Personnel	Suresh Shankar Menon - Independent Director
14	Key Managerial Personnel	Sameer Vasudev Kamath - Chief Financial Officer
15	Key Managerial Personnel	Radhika Parmanandka - Company Secretary

(b) Details of transactions with related party during the year and balances as at the period end: **(INR in lakh)**

Particulars	Avendus Capital Private Limited	Avendus Wealth Management Private Limited	Avendus PE Investment Advisors Private Limited	Avendus Capital Alternate Strategies Private Limited	Key Managerial Personnel	Total
Transactions during the year						
Remuneration Paid *						
Mar-21	-	-	-	-	385.55	385.55
Mar-20	-	-	-	-	392.66	392.66
Sitting Fees Paid						
Mar-21	-	-	-	-	28.50	28.50
Mar-20	-	-	-	-	12.00	12.00
Reimbursement of Expenses						
Mar-21	671.17	-	-	-	-	671.17
Mar-20	883.00	-	-	-	-	883.00
Consultancy Fees- Expenses						
Mar-21	-	376.36	-	-	-	376.36
Mar-20	-	255.08	-	-	-	255.08
Advisory Fees						
Mar-21	-	-	16.57	-	-	16.57
Mar-20	-	-	16.54	-	-	16.54
Distribution Fees						
Mar-21	-	365.22	-	-	-	365.22
Mar-20	-	185.50	-	-	-	185.50
Balances outstanding at the end of the year						
Creditors						
Mar-21	195.08	364.75	-	0.11	254.50	814.44
Mar-20	683.64	173.80	-	0.11	-	857.55
Receivables						
Mar-21			16.57			16.57
Mar-20	-	-	44.00	-	-	44.00

* Excludes contribution to gratuity made for the company as a whole based on acturial valuation.

Note:

(i) There are no amounts written off or written back during the year for debts due from or to related parties

(ii) The Company has commitment of certain percentage to co-invest along with Avendus Structured Credit-Fund I, managed by Avendus PE Investment Advisors Private Limited.

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Note 38. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months. With regards to loans and advances to customers, the Company uses the same basis of expected repayment as used for estimating EIR.

(INR in lakh)

		31-Mar-21			*31-Mar-20*		
	Assets	**Within 12 month**	**After 12 Months**	**Total**	**Within 12 month**	**After 12 Months**	**Total**
(1)	**Financial Assets**						
(a)	Cash and cash equivalents	2,047.23	-	**2,047.23**	11,863.70	-	11,863.70
(b)	Bank Balance other than (a) above	6,283.46	330.73	**6,614.19**	1,000.14	-	1,000.14
(c)	Receivables						
	(i) Trade Receivables	17.88	-	**17.88**	50.17	-	50.17
(d)	Loans	35,608.22	82,257.85	**1,17,866.07**	29,883.24	78,822.76	1,08,706.00
(e)	Investments	17,188.40	-	**17,188.40**	6,077.66	-	6,077.66
(f)	Other Financial assets	15.00	0.60	**15.60**	29.52	-	29.52
(2)	**Non-Financial Assets**						
(a)	Current tax assets (net)	-	172.90	**172.90**	-	78.48	78.48
(b)	Deferred Tax Assets (Net)	-	2,220.48	**2,220.48**	-	431.99	431.99
(c)	Property, Plant and Equipment	-	22.22	**22.22**	-	32.83	32.83
(d)	Other non-financial assets	26.53	144.79	**171.32**	20.05	71.58	91.63
	Total Assets	61,186.72	85,149.57	**1,46,336.29**	48,924.48	79,437.64	1,28,362.12

	Liabilities and Equity	**Within 12 month**	**After 12 Months**	**Total**	**Within 12 month**	**After 12 Months**	**Total**
	Liabilities						
(1)	**Financial Liabilities**						
(a)	Payables						
	Trade Payables						
	(i) total outstanding dues of micro enterprises and small enterprises	0.02	-	**0.02**	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small	692.44	-	**692.44**	626.72	-	626.72
(b)	Debt securities	23,077.09	29,314.32	**52,391.41**	10,834.63	10,523.75	21,358.38
(c)	Borrowings (Other than Debt Securities)	11,718.70	11,341.45	**23,060.15**	11,576.34	24,832.95	36,409.29
(d)	Other financial liabilities	559.83	-	**559.83**	1,229.01	-	1,229.01
(2)	**Non-Financial Liabilities**						
(a)	Current tax liabilities (Net)	-	-	**-**	380.17	-	380.17
(b)	Provisions	11.58	47.06	**58.64**	19.90	42.77	62.67
(c)	Deferred tax liabilities (Net)	-	-	**-**	-	-	-
(d)	Other non-financial liabilities	62.25	-	**62.25**	268.58	-	268.58
	Total Liabilities (A)	**36,121.91**	**40,702.83**	**76,824.74**	24,935.35	35,399.47	60,334.82
(3)	**Equity**						
(a)	Equity share capital	-	49,756.33	**49,756.33**	-	49,756.33	49,756.33
(b)	Other equity	-	19,755.22	**19,755.22**	-	18,270.97	18,270.97
	Total Equity (B)	-	69,511.55	**69,511.55**	-	68,027.30	68,027.30
	Total Liabilities and Equity (A+B)	**36,121.91**	**1,10,214.38**	**1,46,336.29**	24,935.35	1,03,426.77	**1,28,362.12**

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Note 39. Schedule to the Balance Sheet of a Non- deposit taking financial company **(INR in lakh)**
(as required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time)

Sr.No		Particulars	As at March 31, 2021		As at March 31, 2020	
		Liabilities side				
1		**Loans and advances availed by the Non- banking financial company inclusive of interest accrued thereon but not paid**	**Amount Outstanding**	**Amount Overdue**	**Amount Outstanding**	**Amount Overdue**
	a	Debentures :				
		Secured	49,920.16	-	21,358.38	-
		Unsecured	-	-	-	-
		(Other than falling within the meaning of public deposits)				
	b	Deferred Credits	-	-	-	-
	c	Term Loans	20,046.64	-	30,000.38	-
	d	Inter - corporate loans and borrowings	-	-	-	-
	e	Commercial paper	2,471.25	-	-	-
	f	Other Loans	3,013.51	-	6,408.91	-
		Assets side	**Amount Outstanding**	**Amount Overdue**	**Amount Outstanding**	**Amount Overdue**
2		Break-up of Loans and Advances including bills (other than those included in (3) below) :				
	a	Secured	1,17,866.07	-	1,06,237.53	-
	b	Unsecured	-	-	2,468.47	-
3		**Break up of Leased Assets and Stock on hire and other assets counting towards AFC activities**				
	i	Lease assets including lease rentals under sundry debtors				
	a	Financial Lease	-	-	-	-
	b	Operating Lease	-	-	-	-
	ii	Stock on hire including hire charges under sundry debtors				
	a	Assets on hire	-	-	-	-
	b	Repossessed Assets	-	-	-	-
	iii	Other loans counting towards AFC activities				
	a	Loans where assets have been repossessed	-	-	-	-
	b	Loans other than (a) above	-	-	-	-
4		**Break up of Investments**				
		Current Investments				
	1	**Quoted**				
	i	Shares				
		Equity	0.01	-	-	-
		Preference	6.13	-	3.52	-
	ii	Debentures and Bonds	-	-	-	-
	iii	Units of mutual funds	17,182.26	-	6,074.14	-
	iv	Government Securities	-	-	-	-
	v	Others (please specify)	-	-	-	-
	2	**Unquoted**				
	i	Shares				
		Equity	-	-	-	-
		Preference	-	-	-	-
	ii	Debentures and Bonds	-	-	-	-
	iii	Units of mutual funds	-	-	-	-
	iv	Government Securities	-	-	-	-
	v	Others (please specify)	-	-	-	-

5		**Borrower group- wise classification of assets financed as in (2) and (3) above:**						
		Category	**Amount net of provisions**			**Amount net of provisions**		
			Secured	Unsecured	Total	Secured	Unsecured	Total
	1	Related Parties						
	a	Subsidiaries	-	-	-	-	-	-
	b	Companies in the same group	-	-	-	-	-	-
	c	other related parties	-	-	-	-	-	-
	2	Other than related parties	1,17,866.07	-	1,17,866.07	1,06,237.53	2,468.47	1,08,706.00
		Total	1,17,866.07	-	1,17,866.07	1,06,237.53	2,468.47	1,08,706.00
6		**Investor Group- wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**						
		Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)
	1	Related Parties						
	a	Subsidiaries		-	-		-	-
	b	Companies in the same group		-	-		-	-
	c	other related parties		-	-		-	-
	2	Other than related parties		17,188.39	-		6,077.66	-
7		**Other Information**						
	i	Gross Non - performing Assets						
	a	Related parties			-			-
	b	Other than related parties			-			-
	ii	Net Non - performing Assets			-			-
	a	Related parties			-			-
	b	Other than related parties			-			-
	iii	Assets acquired in satisfaction of debt			-			-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 40. Disclosure in terms of paragraph 25 on 'Norms for restructuring of advances' of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(INR in lakh)

For the year ended March 31, 2021

SI No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	**Restructured Accounts at April 1, 2020**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Fresh restructuring during the year ended March 31, 2021**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	-	-	-	2	2	-	-	-	2
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	11,461.08	-	-	-	11,461.08	11,461.08	-	-	-	11,461.08
	Provision thereon	-	-	-	-	-	-	-	-	-	-	3,476.19	-	-	-	3,476.19	3,476.19	-	-	-	3,476.19
3	**Upgradations to restructured standard category during the year ended March 31, 2021**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	**Restructured standard advances at April 1, 2020, which cease to attract higher provisioning and/or additional risk weight at March 31, 2021 and hence need not be shown as restructured standard advances at March 31, 2021**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	**Downgradations of restructured accounts during the year ended March 31, 2021**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 40. Disclosure in terms of paragraph 25 on 'Norms for restructuring of advances' of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(INR in lakh)

For the year ended March 31, 2021

SI No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
6	**Write-offs of restructured accounts during the year ended March 31, 2021**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	**Restructured Accounts at March 31, 2021**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	-	-	-	2	2	-	-	-	2
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	11,461.08	-	-	-	11,461.08	11,461.08	-	-	-	11,461.08
	Provision thereon	-	-	-	-	-	-	-	-	-	-	3,476.19	-	-	-	3,476.19	3,476.19	-	-	-	3,476.19

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 40. Disclosure in terms of paragraph 25 on 'Norms for restructuring of advances' of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(INR in lakh)

For the year ended March 31, 2020

SI No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	**Restructured Accounts at April 1, 2019**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Fresh restructuring during the year ended March 31, 2020**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	**Upgradations to restructured standard category during the year ended March 31, 2020**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	**Restructured standard advances at April 1, 2019, which cease to attract higher provisioning and/or additional risk weight at March 31, 2020 and hence need not be shown as restructured standard advances at March 31, 2020**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	**Downgradations of restructured accounts during the year ended March 31, 2020**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 40. Disclosure in terms of paragraph 25 on 'Norms for restructuring of advances' of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(INR in lakh)

For the year ended March 31, 2020

SI No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
6	**Write-offs of restructured accounts during the year ended March 31, 2020**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	**Restructured Accounts at March 31, 2020**																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 41. Disclosure in terms of Format A of RBI circular DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020

(INR in lakh)

Type of Borrower	(A)	(B)	(C)	(D)	(E)
	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	2	11,035.08	-	426.00	2,457.99
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**2**	**11,035.08**	**-**	**426.00**	**2,457.99**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Note 42. Disclosure as required in terms of paragraph 17 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

42.1 Capital

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	51.62%	59.82%
CRAR - Tier I Capital (%)	47.34%	58.48%
CRAR - Tier II Capital (%)	4.28%	1.34%
Amount of subordinated debt raised as Tier-II Capital (₹)	-	-
Amount raised by issue of Perpetual Debt Instruments (₹)	-	-

42.2 Investments **(INR in lakh)**

Particulars	As at March 31, 2021	As at March 31, 2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	17,188.40	6,077.66
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India		-
(iii) Net value of Investments		
(a) In India	17,188.40	6,077.66
(b) Outside India		-
(2) Movement of Provisions held towards depreciation on Investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

42.3 Derivatives

The Company has not entered into any Forward rate agreement/Interest rate swap/Exchange traded interest rate derivative transactions during the financial year ended 31 March 2021 and 31 March 2020 .

42.4 Securitisation

The Company has not entered into any Securitisation transactions during the financial year ended 31 March 2021 and 31 March 2020.

42.5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31 March 2021

(INR in lakh)

Particulars	One month	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	1,482.04	577.38	1,449.82	5,713.43	26,385.55	69,893.00	12,364.85	-	1,17,866.07
Investments	17,188.40	-	-	-	-	-	-	-	17,188.40
Borrowings	759.94	3,207.91	1,614.02	15,247.88	13,966.04	40,655.77	-	-	75,451.56
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31 March 2020

Particulars	One month	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	1,938.87	873.14	3,894.46	5,673.60	17,503.17	60,597.08	18,225.68	-	1,08,706.00
Investments	6,077.66	-	-	-	-	-	-	-	6,077.66
Borrowings	3,384.04	403.33	1,679.31	14,133.64	6,598.02	30,456.55	1,112.78	-	57,767.67
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Note:

1) The above statement includes only certain items of assets and liabilities (as stipulated in Para 3.5 of Annexure xiv of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended and therefore does not reflect the complete asset liability maturity pattern of the Company.

2) In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission which have been relied upon by the Auditors.

42.6 Exposures

A. Exposure to Real Estate Sector **(INR in lakh)**

Particulars	As at March 31, 2021	As at March 31, 2020
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,218.25	1,445.56
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	-	-
b. Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

B. Exposure to Capital Market **(INR in lakh)**

Particulars	As at March 31, 2021	As at March 31, 2020
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.01	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	11,383.36	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	12,600.47	14,161.25
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	8,130.85	-
(vi) bridge loans to companies against expected equity flows / issues;	-	-
(vii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**32,114.69**	**14,161.25**

C) Details of financing parent company products as at 31 March 21 - Nil (Previous year - Nil)

D) Borrower Limit (SGL) / Group Borrower Limit (GBL)
During the year, the Company has not exceeded the SGL and GBL limit as prescribed under NBFC Regulation.

E) Unsecured Advances as at 31 March 21 - Nil (Previous Year - Rs 2,468.47 lakh)

42.7 Miscellaneous Details

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators	IN -DP -375-2018. Obtained certificate from Securities and Exchange Board of India as depository participant.	IN -DP -375-2018. Obtained certificate from Securities and Exchange Board of India as depository participant.
(ii) Ratings assigned by credit rating agencies and migration of ratings during the year		
(a) Non- Convertible Debentures	CRISIL A+/STABLE	CRISIL A+/STABLE
(b) Bank Loan Long term	ACUITE AA-/STABLE , CRISIL A+/STABLE	ACUITE AA-/STABLE , CRISIL A+/STABLE
(c) Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD A+ r /STABLE	CRISIL PPMLD A+ r /STABLE
(d) Commercial Paper	CRISIL A1+	CRISIL A1+
(iii) Penalties, if any, levied by any regulator	Nil	Nil
(iv) information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries	Not applicable	Not applicable

42.8 Additional Disclosure

A) Provision and Contingencies **(INR in lakh)**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	Year Ended March 31, 2021	Year Ended March 31, 2020
Provisions for Depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	2,450.00	1,905.00
Other Provisions and Contingencies:		
-Provision for Gratuity	24.19	23.40
-Provision for Compensated absences	19.69	3.44
Contingent Provision against standard assets	4,482.21	1,249.67

B) Draw Down from Reserves is Nil as at 31 March 21 (Previous year Nil)

42.9 Concentration of Advances, Exposures and NPAs

A) Concentration of Advances **(INR in lakh)**

Particulars	As at March 31, 2021	As at March 31, 2020
Total Advances to twenty largest borrowers	1,03,749.70	88,349.28
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	83.75%	80.14%

B) Concentration of Exposures **(INR in lakh)**

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	1,03,749.70	88,349.28
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	83.73%	80.10%

C) Concentration of NPAs **(INR in lakh)**

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top four NPA accounts	-	-

D) Sector-wise NPAs

Sector	As at March 31, 2021	As at March 31, 2020
	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

42.10 Movement of NPAs **(INR in lakh)**

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Net NPAs to Net Advances (%)	-	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
(a) Opening balance	-	-
(b) Provisions made during the year	-	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	-	-

42.11 Overseas Assets for those Joint venture and Subsidiaries abroad as at 31 March 2021 - Nil (Previous Year - Nil)

42.12 Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as at 31 March 2021 - Nil (Previous Year - Nil)

42.13 Disclosure of Complaints

Particulars	As at March 31, 2021	As at March 31, 2020
(a) No. of complaints received during the year	-	-
(b) No. of complaints redressed during the year	-	-
(c) No. of complaints pending at the end of the year	-	-

Note 43. Disaggregated revenue from operations based on Ind AS 115

(INR in lakh)

Particulars	31-Mar-21	31-Mar-20
Based on service type		
Fees and Commission Income	30.35	52.63
Based on geographay		
Within India	30.35	52.63
Outside India	-	-

A. Determination of the timing of revenue recognition on fees and commission

The Company has evaluated and generally concluded that the recognition of revenue on fees and commission can be done at a point in time. The Company has further evaluated and concluded that, based on the analysis of the rights and obligations under the terms of the contracts, the revenue is to be recognised at a point in time when the services are rendered and when reasonable right of recovery is established

B .Determination of performance obligations

With respect to fees and commission, the Company has evaluated and concluded that the services transferred in each contract constitute a single performance obligation and such performance obligations are satisfied as and when the services are rendered.

Disclosure of contract balances

(INR in lakh)

Contract Assets	31-Mar-21	31-Mar-20
Trade receivables	24.19	56.48
Less : Impairment loss allowance	(6.31)	(6.31)
Net Trade Receivables	**17.88**	**50.17**

Note 44. Disclosures under Ind AS 116 - Leases

Cash outflow for leases for the year ended March 31, 2021 is Rs 10.18 lakh (Previous Year : 104.47 lakh)
Expense of Rs. 10.18 lakh (Previous Year : 104.47 lakh) relating to short term leases and leases of low-value assets for the year ended March 31, 2021 is included in "Rent and energy cost" of Note 26 "Other Expenses"

Note 45. Disclosure u/s. 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(INR in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	0.02	-
Interest	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

* Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 46 Public disclosure on liquidity risk (Pursuant to Liquidity Risk Framework Clause ix)

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

(INR in lakh)

		As on 31 March 2021		
Sr. No.	Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1	Bank Of Maharashtra (NCD)	5,326.22	-	6.93%
2	Kotak Mahindra Bank	4,793.47	-	6.24%
3	Catholic Syrian Bank	4,217.14	-	5.49%
4	Central Bank of India (NCD)	3,201.37	-	4.17%
5	TATA Capital Financial Services Ltd	3,013.51	-	3.92%
6	Indian Bank (NCD)	2,687.59	-	3.50%
7	DCB Bank Ltd	2,666.41	-	3.47%
8	IDFC First Bank	2,500.00	-	3.25%
9	Karur Vyasa Bank	2,484.83	-	3.23%
10	Aditya Birla Sun Life Liquid Fund	2,471.25	-	3.22%
11	Federal Bank	2,000.00	-	2.60%
12	Catholic Syrian Bank (NCD)	1,579.19	-	2.06%
13	AU Finance Bank	1,384.79	-	1.80%
14	Other (HNI), Corporates, Family Offices, HNI	37,125.79	-	48.33%

(ii) Top 20 large deposits (amount in Rs. in lakhs and % of total deposits)

Sr. No.	Particulars	As at 31st March 2021
1	Not Applicable	

(iii) Top 10 borrowings (amount in Rs.in lakhs and % of total borrowings)

(INR in lakh)

Sr. No.	Particulars	As at 31st March 2021	
		Amount	% of Total Borrowings
1	Market Linked Debentures (Multiple Investors)	37,125.79	49.20%
2	Bank Of Maharashtra (NCD)	5,326.22	7.06%
3	Kotak Mahindra Bank	4,793.47	6.35%
4	Catholic Syrian Bank	4,217.14	5.59%
5	Central Bank of India (NCD)	3,201.37	4.24%
6	TATA Capital Financial Services Ltd	3,013.51	3.99%
7	Indian Bank (NCD)	2,687.59	3.56%
8	DCB Bank Ltd	2,666.41	3.53%
9	IDFC First Bank	2,500.00	3.31%
10	Karur Vyasa Bank	2,484.83	3.29%

Note 46 Public disclosure on liquidity risk (Pursuant to Liquidity Risk Framework Clause ix)

(iv) Funding Concentration based on significant instrument/product

(INR in lakh)

		As on 31 March 2021	
Sr. No.	**Name of the instrument/product**	**Amount**	**% of Total Liabilities**
1	Non - Convertible Debentures	49,920.16	64.98%
2	Long Term Loan	23,060.15	30.02%
3	Short Term Loan (Commercial Paper)	2,471.25	3.22%

(v) Stock Ratios as at March 31, 2021 :

(a)	Commercial papers as a % of total public funds, total liabilities and total assets	
i)	Commercial papers as a % of total public funds	N.A
ii)	Commercial papers as a % of total liabilities	3.22%
ii)	Commercial papers as a % of total assets	1.69%
(b)	Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	NIL
(c)	Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets*	
i)	Short-term liability as a % of total public funds	N.A
ii)	Short-term liability as a % of total liabilities	43.80%
iii)	Short-term liability as a % of total assets	23.00%

* Others (excluding Commercial papers mentioned above)

(vi) Institutional set-up for liquidity risk management

The Board of Directors of Avendus Finance Private Limited (the Company) has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board constituted Asset Liability Management Committee (ALCO) and Risk Management Committee to strengthen and raise the standard of Asset Liability Management (ALM)

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 47 Disclosure on Asset Classification as per RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20

For the year ended March 31, 2021 **(INR in lakh)**

Asset Classification as per RBI Norms	Asset Clasification as per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowances (Provisions) as required under IND AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND AS 109 prvisions and IRACP Norms
Performing Assets						
Standard	Stage 1	96,239.99	2,543.69	93,696.30	384.96	2,158.73
	Stage 2	11,461.08	3,476.19	7,984.89	1,146.11	2,330.08
Non- Performing Assets (NPA)						
Sub Standard	Stage 3	-	-	-	-	-
Doubtful - Upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More Than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		**-**	-	-	-	-
Loss	Stage-3	-	-	-	-	-
Subtotal for NPA		**-**	**-**	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of IND AS 109 but not covered under current Income recognition, Asset Classification and Provisioning (IRACP) norms		-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage-1	96,239.99	2,543.69	93,696.30	384.96	2,158.73
	Stage-2	11,461.08	3,476.19	7,984.89	1,146.11	2,330.08
	Stage-3	-	-	-	-	-
	Total	**1,07,701.07**	**6,019.88**	**1,01,681.19**	**1,531.07**	**4,488.81**

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

Note 47 Disclosure on Asset Classification as per RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20

For the year ended March 31, 2020 **(INR in lakh)**

Asset Classification as per RBI Norms	Asset Clasification as per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowances (Provisions) as required under IND AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND AS 109 prvisions and IRACP Norms
Performing Assets						
Standard	Stage 1	92,566.67	1,537.67	91,029.00	370.27	1,167.40
	Stage 2	-	-	-	-	-
Non- Performing Assets (NPA)						
Sub Standard	Stage 3	-	-	-	-	-
Doubtful - Upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More Than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		**-**	-	-	-	-
Loss	Stage-3	-	-	-	-	-
Subtotal for NPA		**-**	**-**	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of IND AS 109 but not covered under current Income recognition, Asset Classification and Provisioning (IRACP) norms		-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage-1	92,566.67	1,537.67	91,029.00	370.27	1,167.40
	Stage-2	-	-	-	-	-
	Stage-3	-	-	-	-	-
	Total	**92,566.67**	**1,537.67**	**91,029.00**	**370.27**	**1,167.40**

Note 48 Covid-19 Regulatory Package - Asset classification and Provisioning

Disclosure as per RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20

Particulars	As at March 31, 2021 Amount (INR In lakh)	As at March 31, 2020 Amount (INR In lakh)
Amounts in SMA/overdue Accounts where Moratorium/deferment was granted	-	-
Amounts where asset Classification benefits is extended	-	-
Provision made during the Q4 FY 2020 in terms of Paragraph 5 of RBI Directions	N.A.	N.A.
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of Para 6 of RBI Directions	N.A.	N.A.

Note 49 The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The financial statements, includes the potential impact of the COVID-I9 pandemic on the Company's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered all information available upto the date of approval of these financial statements. Accordingly, the Company has made provision for expected credit loss on financial assets as at March 31, 2021. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-I9 pandemic will further impact the Company's financial statements will depend on future developments. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Note 50 The Hon. Supreme Court of India vide its order dated March 23, 2021 requires the lenders to refund / adjust any interest on interest charged to the borrowers during the moratorium period. i.e. March 1, 2020 to August 31 2020. In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the aforesaid moratorium period. The Company has estimated the said amount to be at Rs. 77.82 lakh and reversed the same by way of debit to interest income for the year. The Company is in the process of adjusting / refunding the said amounts to the respective borrowers.

Note 51. Employee Benefits expenses amounting to Rs 328.26 lakhs (Previous Year Rs 540.36 lakhs) included in Note 25 and Other Expenses amounting to Rs 342.91 lakhs (Previous Year Rs 342.64 lakhs) included in Note 26 is reimbursement made to Holding Company towards the value of costs apportioned in accordance with the Master Cost sharing agreement.

Note 52. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Kaushal Aggarwal	**Gaurav Deepak**	**Sameer Kamath**	**Radhika Parmanandka**
Managing Director & CEO	**Director**	**Chief Financial Officer**	**Company Secretary**
(DIN : 00153487)	**(DIN : 00153524)**		
Place : Mumbai	**Place : Mumbai**	**Place : Mumbai**	**Place : Mumbai**

Date : May 24, 2021