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AVENDUS FINANCE PRIVATE LIMITED

ANNUAL REPORT 2021-22

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

26th ANNUAL GENERAL MEETING

Day : Wednesday
Date : August 10, 2022
Time : 1:15 p.m.
Venue : The IL&FS Financial
Centre, 6th Floor, C & D
Quadrant, Bandra-Kurla
Complex, Bandra (E),
Mumbai-400 051

KEY MANAGERIAL PERSONNEL

Mr. Sameer Kamath, Chief Financial Officer
Ms. Radhika Parmanandka, Company Secretary

AUDITORS

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors¹
M/s. M M Nissim & Co LLP, Statutory Auditors²
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 –400013
Tel: 022 49142591;
Email: nileshb@nsdl.co.in

DEBENTURE TRUSTEE(s)

Vistara ITCL (India) Limited	Catalyst Trusteeship Limited
6 th Floor, The IL&FS Financial Center Plot No. C-22, G Block, Bandra Kurla Complex Bandra (East), Mumbai 400051 Corporate Office at Vistra ITCL (India) Limited 602, 'A' Wing, The Qube, Hasan Pada Rd, Mittal Industrial Estate, Marol, Andheri-E, Mumbai 400059 Email ID: VistralTCL.Support@vistra.com Tel: +91 22 69300000 ; Fax +91 22 28500029	The Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400098. Contact Person: Mr. Umesh Salvi Email: umesh.salvi@ctltrustee.com ; ComplianceCTL-Mumbai@ctltrustee.com Tel: +91 22 49220555

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 Resigned w.e.f November 22, 2021

² Appointed w.e.f November 22, 2021

DIRECTORS' REPORT

Dear Members,

Your Company's Directors hereby present the Twenty Sixth Annual Report of the Company together with Audited Financial Statements for the Financial Year ended March 31, 2022.

Financial Performance

Summary of the Company's financial performance for the Financial Year 2021-22 ("year under review") as compared to previous Financial Year 2020-21 ("previous year") is given below:

(Amount in lakhs)

Particulars	As on March 31, 2022	As on March 31, 2021
Total Income	20,282.72	16,840.90
Profit / (Loss) before Interest, Tax and Depreciation	11,697.37	9,224.18
Finance Cost	8,245.64	6,535.95
Profit / (Loss) before Depreciation and Tax	3,451.73	2,688.23
Depreciation	13.98	15.57
Profit / (Loss) before Tax	3,437.75	2,672.66
Tax Expense (including deferred tax credit)	(932.58)	(656.75)
Net Profit / (Loss)	2,505.17	2,015.91
Other Comprehensive Income	7.18	14.15
Total Comprehensive Income	2,512.35	2,030.06
Balance brought forward from previous year	11,531.67	9,904.90
Less: Transfer to Special Reserve u/s 45- IC of the RBI Act, 1934	(501.04)	(403.29)
Balance carried to Balance Sheet	13,542.98	11,531.67

Revenue

Your Company reported a total income of INR 20,282.72 lakhs in the year under review versus INR 16,840.90 lakhs in the previous year.

Operating Profit / (Loss)

Profit before Interest, Tax and Depreciation was at INR 11,697.37 lakhs in the year under review versus a profit of INR 9,224.18 lakhs in the previous year.

Nature of Business / Information on the State of Affairs of the Company

The details on nature of business / information on state of affairs of the Company has been given in the Management Discussion & Analysis Report forming part of this Board Report.

Capital Adequacy Ratio

The Capital to Risk Asset Ratio (CRAR) of your Company as on March 31, 2022 under IND-AS stood at 41.89 % (Tier I Capital Ratio @ 40.64 % and Tier II Capital Ratio @ 1.25 %), which is 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, 2022 stood at INR 66,939.63 lakhs versus INR 66,515.65 lakhs as on March 31, 2021.

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 a Depository Participant license with National Securities Depositories Limited and Central Depository Services Limited.

Transfer to Reserves

During the year, the Company has transferred 20% of its profits for the year amounting to INR 501.04 lakhs as compared to INR 403.29 lakhs in the previous year 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, your Directors did not recommend any dividend on Equity Shares of the Company for the year ended March 31, 2022.

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	Aventus Capital Private Limited The IL&FS Financial Centre, 6 th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051	U99999MH1999PTC123358	Holding Company	100	2(46)
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 is a wholly owned subsidiary of Aventus Capital Private Limited. As on March 31, 2022, the Company did 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 material changes and commitments which have occurred between the financial year ended March 31, 2022 and the date of this report affecting the financial position of the Company.

Impact of Covid 19 pandemic

The Company has been 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 on the aforesaid impact is stated in note no. 52 forming part of financial statements for the year ended March 31, 2022.

Share Capital

During the year under review, the Authorised Share Capital of the Company stood at INR 52,500 lakhs. The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2022 was INR 49,756 lakhs consisting of 497,56,33,325 Equity Shares of INR 1 each. The entire equity share capital of the Company is held by Avendus Capital Private Limited and its nominees. During the year under review, the Company has not issued any shares.

Non-Convertible Debentures

During the year under review, the Company has issued and allotted Rated, Listed, Secured, Redeemable, Principal Protected, Non-Convertible, Market Linked Debentures ("Debentures") on a private placement basis, in various tranches as detailed below:

Sr. No	Date of Allotment	No. of Debentures	Amount (INR in lakhs)
1	June 30, 2021	130	1,300
2	August 6, 2021	1,600	16,000
3	December 10, 2021	350	3,500
4	February 4, 2022	1,500	15,000
Total		3,580	35,800

The aggregate debt outstanding as at March 31, 2022 was INR 97,498.64 lakh (of which, INR 24,590.48 lakh was payable within one year). The Debt / Net worth ratio as on March 31, 2022 was 1.35 times. The Company has been regular in servicing all its debt obligations. The aforesaid Non-Convertible Market Linked Debentures are listed on BSE Limited in the list of F Group – Debt Instruments.

Credit Rating

During the year under review, Rating Agencies reaffirmed / issued ratings to the Company, as under:

Rating Agency	Rating	Nature of Securities
CRISIL Rating Limited	CRISIL A+/Stable	Non-Convertible Debentures and Long Term Bank Loan Rating
CRISIL Rating Limited	CRISIL PP-MLD A+r/Stable	Long Term Principal Protected Market Linked Debentures
CRISIL Rating Limited	CRISIL A1+/Stable	Commercial Paper
Acuité Ratings & Research Limited	ACUITE AA-/ Stable	Long Term Bank Loan Rating
CARE Ratings Limited	CARE A1+ /Stable	Commercial Paper

Debenture Trustees:

Pursuant to Regulation 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the name and contact details of the Debenture Trustees for the privately placed Debentures are given below:

- Vistra ITCL (India) Limited is the Debenture Trustee having its registered office at 6th Floor, The IL&FS Financial Center Plot No. C-22, G Block, Bandra Kurla Complex Bandra (East), Mumbai 400051 and Corporate Office at Vistra ITCL (India) Limited 602, 'A' Wing, The Qube, Hasan Pada Rd, Mittal Industrial Estate, Marol, Andheri-E, Mumbai 400059 Email ID: VistralTCL.Support@vistra.com Tel: +91 22 69300000 Fax +91 22 28500029
- Catalyst Trusteeship Limited is the Debenture Trustee having its office at the Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400098. Contact Person: Mr. Umesh Salvi, Email: umesh.salvi@ctltrustee.com; ComplianceCTL-Mumbai@ctltrustee.com Tel: +91 22 49220555

These details are also available on the website of the Company at the web-link: www.avendus.com

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.

Corporate Social Responsibility (CSR)

During the year under review, the Company has partnered with credible agencies like SEEDS Foundation, Bansuri Charitable Trust, Give India Foundation, Swayam Shikshan Prayog for implementing socially

responsible projects in the areas of Healthcare, Livelihood Enhancement and Education as part of its initiatives under CSR. The Company has undertaken the CSR activities and complied with the provisions of Section 135 of the Companies Act, 2013. The CSR activities / projects undertaken by your Company are in accordance with Schedule VII of Companies Act, 2013 and based on approved CSR policy and Annual Action Plan, which are available on Company's website: www.avendus.com.

The Company's CSR activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas and continuous monitoring of the CSR activities. The CSR policy of the Company was changed during the year to bring it in line with the recent amendments brought by Ministry of Corporate Affairs in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and as a part of standard review.

The CSR Committee has been entrusted with the prime responsibility of implementation of the activities under the CSR policy. The Committee recommend the activities to be undertaken under the policy and amount to be spent on such CSR activities to the Board.

During the year under review, as per Section 135 of the Act, your Company was required to spend an amount of INR 1,47,24,047 equivalent to 2% of the 'average net profits' of the last three (3) financial years. During the FY 2021-22, your Company has spent the entire amount on CSR activities. The CSR initiatives undertaken by your Company along with other CSR related details form part of the Annual Report on CSR activities for FY 2021-22, which is annexed as Annexure I.

MCA vide notification dated February 11, 2022 amended Companies (Accounts) Rules, 2014 and introduced web form CSR-2. The Company has filed Form CSR-2 for the Financial year 2020-21 within the timeline, as prescribed by MCA.

Risk Management

The Risk Management Committee of the Board of Directors of the Company reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyse risk exposures related to specific issues and provides oversight of risk across the Company. The Risk Management process of the Company is governed by the Risk Management Policy which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. A risk register was introduced in FY22. It captures all the risks the Company is exposed to along with the mitigants in place, the probability and impact assessment and finally the primary and secondary ownership of the risk. The risk register is updated twice a year and presented to the Risk Management Committee. The details of the Risk Management Framework have been covered in the Management Discussion and Analysis Report, which forms an integral part of this Board Report.

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.

Corporate Governance

During the year under review, SEBI amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") on September 7, 2021 and extended corporate governance norms (Chapter IV - Regulations 16 to 27 of the SEBI Listing Regulations) for 'High Value Debt Listed Entities' ("HVDLEs"), which previously only applied to entities with listed equity or securities convertible into equity.

A HVDLE is a listed entity which has listed its non-convertible debt securities ("NCDs") and has an outstanding value of listed NCDs of INR 500 crore or more and as on the date of the amendment notification. Your company meets the said criteria and therefore is considered a HVDLE.

These requirements shall apply on a 'comply or explain' basis until March 31, 2023, and on a mandatory basis thereafter. Your Company, being a HVDLE, is committed to maintain the high standards of corporate governance and shall endeavour to comply with the enhanced corporate governance provisions and achieve full compliance within the time prescribed by SEBI i.e before March 31, 2023. Your Company has already implemented several Corporate Governance practices and shall explain the reasons for non-compliance / partial compliance and the steps initiated to achieve full compliance in the quarterly corporate governance report to be filed with the stock exchanges under the SEBI Listing Regulations.

A Corporate Governance report required in terms of SEBI Listing Regulations is attached herewith as Annexure II and forms part of this report.

Details of Directors and Key Managerial Personnel

A. Directors

The size of the Board is commensurate with the size and business of the Company. Members of the Company's Board of Directors are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company and devote adequate time to meetings and preparation.

As on date, the Board of Directors of your Company ("the Board") comprised of 7 (Seven) Directors comprising of 4 (Four) Non-Executive Directors, 1 (One) Executive Director and 2 (Two) Independent Directors (including one Women Independent Director).

Your Directors on the Board possess the requisite experience and competency. The Board composition is in compliance with the requirements of the Act and the RBI Master Directions. Considering that the Company has become HVDLE, the Board composition will be brought in line with the requirement of SEBI Listing Regulations within the time prescribed by SEBI i.e before March 31, 2023.

The Shareholders of the Company at the 25th Annual General Meeting held on August 31, 2021 approved:

- a. Re-appointment of Mr. Deba Prasad Roy (DIN: 00049269) as an Independent Director, not liable to retire by rotation, for a second term of 5 (five) consecutive years, commencing from December 30, 2021 upto December 29, 2026.;
- b. Re-appointment of Ms. Padmaja Ruparel (DIN:01383513) as an Independent Director, not liable to retire by rotation, for a term of 5 (five) consecutive years, commencing from February 27, 2022 upto February 26, 2027; and
- c. Appointment of Mr. Gaurav Deepak (DIN: 00153524) as a Director of the Company

During the year under review, Mr. Suresh Menon (DIN: 000737329) ceased to be an Independent Director w.e.f. April 13, 2021 and was re-designated as Additional Non-Independent Non-Executive Director of the Company with effect from April 14, 2021. Shareholders at its extra ordinary general meeting held on May 12, 2021 approved the regularisation of Mr. Suresh Menon (DIN: 000737329) as a Non-Executive Non-Independent Director of the Company.

Further, due to pre-occupations and existing professional commitment, on March 31, 2022 Mr. Nitin Singh tendered his resignation as Whole Time Director of the Company and effective April 1, 2022 was re-designated as Non – Executive 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 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 satisfy the "fit and proper" criteria as prescribed under Chapter XI of RBI Master Directions and are not disqualified from being appointed / continuing as Directors in terms of Section 164(2) of the Act. The declarations have been taken on record by the Nomination and Remuneration Committee.

B. 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.

Board Evaluation

The Nomination and Remuneration Committee (NRC) approved a framework for performance evaluation of the Board of Directors, its committees and the individual Board members.

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder as amended from time to time and SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its committees as well as performance of all the Directors individually (including Independent Directors). Feedback was sought by well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, etc.

Performance evaluation framework of the Company is as follows:

Based on the recommendation of the Nomination and Remuneration Committee, the Board approves framework of performance evaluation of the Board, Board Committees and Directors (including the Independent Directors).

As per the Board Evaluation Policy, the evaluation process involves assessment / inputs from each Board Member evaluating the Board as a whole, Board Committees, other Board Members (including Independent Directors) and self-evaluation. Based on the inputs received from Board Members, the Chairman of Nomination & Remuneration Committee prepares a report which is placed before the NRC for discussion and recommendations to the Board. The Board take note of the report and provide its inputs / recommendation, if any on the same.

Statutory Audit & Statutory Auditors

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.

The Reserve Bank of India (RBI) on April 27, 2021 issued guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) for Banks and NBFCs (including HFCs) (RBI Guidelines). As per the requirement of the said guidelines, the Company can appoint Statutory Auditors for a continuous period of maximum three years, subject to the firms satisfying the eligibility norms on a continuous basis. Further, an audit firm would not be eligible for reappointment for six years (two tenures) after completion of full or part of one term of the audit tenure.

M/s. Deloitte Haskins & Sells LLP completed a period of more than three consecutive years as Statutory Auditors of the Company and conveyed their ineligibility to continue as Statutory Auditors of the Company for Financial Year 2021-22.

Pursuant to RBI Guidelines, the Audit Committee and the Board at their respective meetings held on October 14, 2021, subject to approval of the Members, approved appointment of M/s. M M Nissim & Co LLP, Chartered Accountants (Firm Registration No. 107122W/W100672) as Statutory Auditors for three

consecutive financial years ending March 31, 2022, March 31, 2023 and March 31, 2024 for the following three Financial Years, in compliance with the RBI Guidelines:

- a. First Financial Year: from the conclusion of EGM held on November 22, 2021 till the conclusion of 26th Annual General Meeting of the Company to conduct the audit of accounts of the Company for the financial year ending March 31, 2022.
- b. Second Financial Year: from conclusion of the 26th Annual General Meeting till the conclusion of 27th Annual General Meeting of the Company to conduct the audit of accounts of the Company for the financial year ending March 31, 2023.
- c. Third Financial Year: from conclusion of 27th Annual General Meeting of the Company till the conclusion of 28th Annual General Meeting of the Company to conduct the audit of accounts of the Company for the financial year ending March 31, 2024.

M/s. M M Nissim & Co LLP, Chartered Accountants have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013 and aforesaid RBI circular.

The shareholders of the Company at the EGM held on November 22, 2021 appointed M/s. M M Nissim & Co LLP, Chartered Accountants (Firm Registration No. 107122W/W100672) as Statutory Auditors of the Company to hold office effective from the conclusion of the said EGM till the conclusion of the Twenty Sixth Annual General Meeting of the Company to conduct the audit of accounts of the Company for the financial year ending March 31, 2022.

In terms with the RBI Guidelines, on the recommendation of the Audit Committee and Board of Directors the appointment of M/s. M M Nissim & Co LLP, Chartered Accountants (Firm Registration No. 107122W/W100672) as Statutory Auditors of the Company is being placed before the shareholders at the ensuing Twenty Sixth Annual General Meeting to hold office from conclusion of the Twenty Sixth Annual General Meeting till the conclusion of Twenty Eighth Annual General Meeting of the Company i.e. for the financial year ending March 31, 2023 and March 31, 2024.

The Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2021-22, is disclosed in the Financial Statements forming part of this Annual Report. 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, based on the recommendation of the Audit Committee, the Board of Directors of the Company appointed M/S MMJB & Associates LLP (MMJB), Practicing Company Secretaries

(COP No: 22502) as a Secretarial Auditor of the Company, for conducting secretarial audit for the Financial Year 2021-22.

MMJB has conducted a Secretarial Audit of the Company for the year 2021-22. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, SEBI Listing Regulations, applicable RBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report as Annexure III.

There has been no qualification, reservation, adverse remarks by the Secretarial Auditors in their Report.

Annual Secretarial Compliance Report

Pursuant to SEBI Circular dated February 8, 2019, as amended, read with Regulation 24(A) of the SEBI Listing Regulations, the Annual Secretarial Compliance Report for the financial year 2021-22 issued by MMJB, confirming compliance with all applicable SEBI Regulations and Circulars / Guidelines issued thereunder, will be submitted to the Stock Exchange within 60 days from end of the financial year.

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

The provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loans to any other bodies corporate or persons and acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate, are not applicable to the Company, since the Company is a Non-Banking Financial 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, 2022.

Particulars of contracts or arrangements with related parties

All the Related Party Transactions entered by the Company are on arm's length and in the ordinary course of business. The Company has not entered into transactions with the Promoters, Directors and Key Managerial Personnel, which may have potential conflict of interest with the Company.

In accordance with the provisions of the SEBI Listing Regulations and RBI Master Directions, the Company has formulated the Related Party Transactions Policy, which is available on the website of the Company at www.avendus.com and also annexed as Annexure IV of this Report.

This policy deals with the review, approval and materiality 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 the disclosure with respect to related party as specified in Regulation 53(f) of SEBI Listing Regulations is also forming part of the financial statements at Note no. 39.

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 significant¹ 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 V.

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 is committed to providing and promoting a safe and healthy work environment for all its employees. A ‘Prevention of Sexual Harassment’ Policy, which is in line with the statutory requirements, along with a structured reporting and redressal mechanism, including the constitution of Internal Complaints Committee in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“the POSH Act”), is in place. During FY 2021-22, there were no complaints received under the provisions of the POSH Act.

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

- a) The provisions of Section 134(3)(m) of the Act and the rules made there under relating to conservation of energy and technology absorption do not apply to your Company as it is not a manufacturing Company.
- b) Foreign Exchange Earnings during the year under review and previous year were Nil and Foreign Exchange Outgo during the year under review was INR 3.40 Lakh and previous year was 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, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company’s operations in the future. Further, no penalties have been levied by the RBI or any other regulator during the year under review.

¹ 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 in prescribed form MGT 7 has been placed on the website of the Company at www.avendus.com.

Management discussion and Analysis Report

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, as Annexure VI.

Managing Director and Chief Financial Officer Certificate

In terms of the SEBI Listing Regulations the certificate, as prescribed in Part B of Schedule II of the Listing Regulations, has been obtained from Managing Director & CEO and Group Chief Financial Officer, for the Financial Year 2021-22 with regard to the Financial Statements and other matters. The said Certificate is attached herewith as Annexure VII and forms part of this Report.

Secretarial Standards and Compliance

During the year under review, 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 Ltd, 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 Director

Date: May 24, 2022
Place: Mumbai

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN:00153487

Nitin Singh
Director
DIN: 06904459

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	3	2
2	Mr. Kaushal Kumar Aggarwal	Member	3	3
3	Mr. Padmaja Ruparel	Member	3	3

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 73,62,02,333

7. (a) Two percent of average net profit of the company as per section 135(5): INR 1,47,24,047¹

¹ Based on the recommendation of CSR Committee, the amount is being rounded off to INR 1,47,50,000

(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 1,47,24,047

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
1,47,50,000	Nil	Nil	Nil	Nil	Nil

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

(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

(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.	Covid relief Healthcare	Schedule VII (xii)	No	Uttarakhand/ Prayagraj		50,00,000	No	SEEDS Foundation	CSR00001 691

2.	Covid relief Healthcare	Schedule VII (xii)	No	Delhi /New Delhi	25,00,000	No	Bansuri Charitable Trust	CSR00004 775
3.	Covid relief Healthcare	Schedule VII (xii)	Yes	Maharashtra	50,00,000	No	Give India Foundation	CSR00000 389
4.	Women Entrepreneurship	Schedule VII (ii)	Yes	Maharashtra	22,50,000	No	Swayam Shikshan Prayog	CSR00002 783
					1,47,50,000			

(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 1,47,50,000

(g) Excess amount for set off, if any –

Sr. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	1,47,24,047
(ii)	Total amount spent for the Financial Year	1,47,50,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	25,953
(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)]	(25,953) ²

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'19	NA	20 Lakh	NA	NA	NA	7 Lakhs ³
2.	FY'20	NA	88 Lakh	NA	NA	NA	Nil
3.	FY'21	NA	125 Lakh	NA	NA	NA	Nil

² The Company do not intend to avail the setoff of the excess CSR amount spent during FY2022

³ Shortfall of CSR spent amounting to INR 7 Lakhs for FY 2019 was spent during the FY 2020

(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

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

(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

Pijush Sinha
Chairman of Committee
DIN: 02048277

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN: 00153487

Nitin Singh
Director
DIN: 06904459

Place: Mumbai
Date: May 24, 2022

Corporate Governance Report

Corporate Governance Philosophy

Since inception, your Company has consciously adhered to the highest standards of governance long before they were legally mandated. Your Company is committed to ethical values, sustainable business practices, and to driving positive change in the areas in which it operates. Above all, your Company is committed to transparency in all its dealings and creating shared value for all its stakeholders.

Your Company has an active, experienced, diverse and a well-informed Board. Through the governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities towards all its stakeholders by encompassing best practices to support effective and ethical leadership, sustainability and good corporate citizenship.

During FY22, SEBI amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") on September 7, 2021 and extended corporate governance norms (Chapter IV - Regulations 16 to 27 of the SEBI Listing Regulations) for 'High Value Debt Listed Entities' ("HVDLEs"), which previously only applied to entities with listed equity or securities convertible into equity.

A HVDLE is a listed entity which has listed its non-convertible debt securities ("NCDs") and has an outstanding value of listed NCDs of INR 500 crore or more and as on the date of the amendment notification. Your company meets the said criteria and therefore is considered a HVDLE.

These requirements shall apply on a 'comply or explain' basis until March 31, 2023, and on a mandatory basis thereafter. Your Company, being a HVDLE, is committed to maintain the high standards of corporate governance and shall endeavour to comply with the enhanced corporate governance provisions and achieve full compliance within the time prescribed by SEBI i.e before March 31, 2023. Your Company has already implemented several Corporate Governance practices and shall explain the reasons for non-compliance / partial compliance and the steps initiated to achieve full compliance in the quarterly corporate governance report to be filed with the stock exchanges under the SEBI Listing Regulations.

In view of the aforesaid applicability and in compliance with the SEBI Listing Regulations, this Corporate Governance Report forms part of the Board's Report.

Board of Directors

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides guidance to the Company. Further the Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities towards stakeholders to uphold the highest standards in all matters concerning the Company.

The Board Members possess requisite qualifications and experience in general corporate management, banking, finance, analytics, strategy formulation and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision-making process.

As on date, the Board comprises of seven Directors, with one Executive Director (Managing Director & CEO), two Independent Directors and four Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

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

During the year under review, the Board met 6 times on May 24, 2021, August 30, 2021, October 14, 2021, November 11, 2021, February 11, 2022 and March 30, 2022 to discuss and decide on various business, regulatory compliance and policy matters of the Company. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days.

The relevant background materials of the agenda items are distributed well in advance of the meetings. All material information is presented for meaningful deliberations at the meeting. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it.

Directors Attendance Record and Directorships held

Pursuant to the provisions of Section 165 of the Act, none of the Directors of the Company is a Director in more than 10 public limited companies (including any Alternate directorships). Further, as mandated by Regulation 17A of the SEBI Listing Regulations, none of the Directors of the Company holds Directorships in more than 7 equity listed entities or acts as an Independent Director in more than 7 equity listed companies or 3 equity listed companies, in case he / she serves as a Whole-time Director in any listed entity. Further, as stipulated in Regulation 26 of the SEBI Listing Regulations, none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairman / Chairperson of more than 5 Committees, across all public limited companies in which he / she is a Director.

Mr. Kaushal Kumar Aggarwal, Managing Director & CEO does not serve as an Independent Director in any listed company. As per the SEBI Listing Regulations, only those entities whose equity shares are listed on a stock exchange have been considered for the purpose of ascertaining the number of Directorships in listed companies.

The requisite quorum was present for all the Meetings. The names of the Directors, attendance at Board Meetings and Annual General Meeting during the year, the number of other Directorships and Committee Memberships held by them as on 31 March 2022 are as follows:

Name of the Directors (with DIN and Category)	Attendance particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies#			Directorships in other listed companies	
	Number of Board Meetings		Last AGM	Director ships	Committee memberships+	Committee Chairmanships+	Name of Listed entity (including debt listed)	Category of Directorship
	Held	Attended						
Mr. Kaushal Kumar Aggarwal, Managing Director & CEO DIN: 00153487	6	6	Yes	-	-	-	-	-
Mr. Pijush Sinha, Director (Non-Executive), DIN: 02048277	6	6	Yes	-	-	-	-	-
Mr. Suresh Menon ¹ , Director (Non-Executive) DIN: 00737329	6	6	Yes	1	-	-		
Mr. Deba Prasad Roy, Independent Director DIN: 00049269	6	6	Yes	-	-	-	-	-
Ms. Padmaja Ruparel, Independent Director DIN: 01383513	6	5	Yes	2	-	-	Ester Industries Limited	Director
Mr. Nitin Singh ² , Director (Non-Executive) DIN: 06904459	6	5	No	-	-	-	-	-
Mr. Gaurav Deepak, Director (Non-Executive) DIN:00153524	6	6	No	-	-	-	-	-

Notes:

Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act. None of the Directors holds Directorships in more than 20 companies as stipulated in Section 165 of the Act

+ Committees considered are Audit Committee and Stakeholders Relationship & Grievance Redressal Committee.

¹ Mr. Suresh Menon was appointed as Non-Executive Director of the Company by the shareholders at its meeting held on May 12, 2021.

² Mr. Nitin Singh resigned as Whole Time Director of the Company w.e.f March 31, 2022 and is redesignated as Director w.e.f April 1, 2022

Remuneration to Directors

The Company paid sitting fees to Non-Executive Directors (NEDs) and Independent Directors (IDs) for attending the meetings within the limits as prescribed under Companies Act 2013. The details of sitting fees paid to the Directors during FY 2021-22 are as under:

Name of Director	Sitting Fees (in Rs)	Type of Meeting
Mr. Suresh Menon	8,50,000	Board Meetings and Credit Committee Meetings
Mr. Deba Prasad Roy	6,00,000	Board Meetings
Ms. Padmaja Ruparel	5,00,000	
Mr. Pijush Sinha	6,00,000	

During FY22, the remuneration paid to Mr. Kaushal Kumar Aggarwal, Managing Director & CEO was INR 4 crores and Mr. Nitin Singh, Whole-time Director (upto March 31, 2022) was INR 65 lakh.

None of the NEDs and IDs had any pecuniary relationships or transactions with the Company during the year under review.

Performance Evaluation of Board, its Committees and Directors

Pursuant to the provisions of the Act and Regulation 17 of the SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually. The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Board's Report.

Shares held by Directors including Non-Executive Directors

As on March 31, 2022, none of the Directors hold any shares of the Company except Mr. Pijush Sinha, Mr. Gaurav Deepak and Mr. Kaushal Kumar Aggarwal, who hold one share each of the Company as Nominee of Avendus Capital Private Limited, the holding company.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2021-22, in terms of the requirements of SEBI Listing Regulations are available on the website of the Company and can be accessed at the web-link: www.avendus.com.

Skills and Matrix

The Company being a High Value Debt Listed Entity, Corporate Governance provisions of the SEBI Listing Regulations, became applicable to the Company with effect from September 7, 2021 on a comply or explain basis until March 31, 2023.

As required under SEBI Listing Regulations, post identifying core skills / expertise / competencies of the Board Members in the context of the Company's business and sector(s) as required for it to function effectively and those actually available with the Board along with the names of Directors who have such skills / expertise / competence, a chart / matrix setting out the core skills / expertise

/ competencies duly identified by the Board of Directors shall be disclosed as a part of the Corporate Governance Report of the Annual Report in the financial year 2022-23.

Board confirmation regarding independence of the Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

Based on the disclosures received from all the Independent Directors, the Board after taking these declarations / disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

In addition to the above, all Independent Directors have affirmed that they have adhered and complied with the Code of Conduct for Independent Directors as provided in Section 149(8) read with Schedule IV of the Act.

In accordance with the provisions of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar ["IICA"]. The Independent Directors unless exempted, are required to pass an online proficiency self-assessment test conducted by IICA within two years from the date of their registration in the IICA databank.

Pursuant to the above, the Company has received declarations of compliance under Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, from all the Independent Directors of the Company confirming that they have registered their names in the data bank of Independent Directors maintained with the IICA. Further, the Independent Directors have confirmed the exemption / clearing of the online proficiency self-assessment test conducted by the IICA within the stipulated time period.

Committees of the Board

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required.

The composition and functioning of these Committees are in compliance with the applicable provisions of the Companies Act, 2013, RBI Guidelines and is being brought in line with the requirements of SEBI Listing Regulations, within the permissible timeline. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Stakeholder Relationship and Grievance

Redressal Committee and IT Strategy Committee is also in consonance with the Corporate Governance Master Directions issued by the Reserve Bank of India.

The Company Secretary is the Secretary of all the Committees. The Board of Directors and Committees also take decisions by resolutions passed through circulation which are noted by the Board / respective Committees of the Board at their next meetings. The Minutes of meetings of all Committees of the Board are circulated to the Board of Directors for noting. During the year under review, all recommendations received from its Committees were accepted by the Board.

Details on the role and composition of these Committees, including the number of Meetings held during the financial year and the related attendance, are provided below.

Audit Committee

Your Company has an independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Act, and RBI Master Directions. The Company being a HVDLE will be reconstituting the Audit Committee in terms of Regulation 18 of SEBI Listing Regulations within the permissible timeline.

All the Members of the Audit Committee possess strong accounting and financial management knowledge. 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	Non-Executive Director	Chairman	5	5
Mr. Pijush Sinha	Non- Executive Director	Member	5	5
Mr. Gaurav Deepak	Non-Executive Director	Member	5	4
Mr. Deba Prasad Roy	Independent Director	Member	5	5

During the year under review, the Committee met 5 times on May 24, 2021, August 30, 2021, October 14, 2021, November 11, 2021 and February 11, 2022 and Mr. Suresh Menon, the Permanent Chairman of the Committee chaired the meetings.

As per Regulation 18(1d) of the SEBI Listing Regulations and the Secretarial Standards, the Chairperson of the Committee or in his / her absence, any other Member of the Committee authorised by him / her in this behalf shall attend the General Meetings of the Company to answer the shareholders' queries. Mr. Suresh Menon, Chairman of the Audit Committee was present at the 25th Annual General Meeting of the Company held virtually (e-AGM) on August 31, 2021.

Brief Description of Terms of Reference:

The terms of reference of Audit Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the SEBI Listing Regulations.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2)(c) and reviews all the information as prescribed in Regulation 18(3) read with Paragraph B of Part C of Schedule II of the SEBI Listing Regulations. Generally, all items listed in Regulation 18(3) read with Part C of Schedule II of the SEBI Listing Regulations are covered in the terms of reference.

The Committee is also authorised to oversee the functioning of the Whistle Blower Policy / Vigil Mechanism as well as review on a quarterly basis, the Report on compliance under the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to the PIT Regulations.

The scope of the Committee broadly includes discussions with the auditors on periodical basis, the observations of the auditors, recommendation for appointment, review & monitor the auditor's independence, performance and effectiveness of audit process, remuneration & terms of appointment of auditors, evaluation of internal financial controls and risk management systems, examination of financial statements before submission to the Board and also oversee compliance of internal control systems. The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

In compliance with the provisions of SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2019/121 dated November 4, 2019, the Members of the Audit Committee also interacted with the Credit Rating Agencies to inter-alia discuss matters relating to related party transactions, internal financial controls and material disclosures made by the Company.

Whistle Blower Policy / Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns. The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the SEBI Listing Regulations is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Board at its Meeting held on February 11, 2022, pursuant to the recommendations of the Audit Committee, and in keeping with the changing Corporate Governance landscape, adopted a Revised Whistle Blower Policy of the Company which is available on the website of the Company i.e. www.avendus.com

As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's

Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairperson of the Audit Committee of the Company. The Company is in compliance with the Whistle Blower Policy which provides for reporting of insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information by the employees.

Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee (NRC) is in compliance with the provisions of Section 178(1) of the Act, and RBI Master Directions. The Company being a HVDLE will be reconstituting the Nomination & Remuneration Committee in terms of Regulation 19 of SEBI Listing Regulations within the permissible timeline.

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 Kumar Aggarwal	Managing Director & CEO	Member	3	3
Mr. Nitin Singh	Non- Executive Director	Member	3	3

During the year under review, the Committee met 3 times i.e on May 22, 2021, August 30, 2021 and February 11, 2022 and Mr. Pijush Sinha, the Permanent Chairman of the Committee chaired the meetings.

As per Section 178(7) of the Act, Regulation 19(3) of the SEBI Listing Regulations and the Secretarial Standards, the Chairperson of the Committee or, in his / her absence, any other Member of the Committee authorised by him / her in this behalf shall attend the General Meetings of the Company to answer the shareholders' queries. Mr. Pijush Sinha, Chairman of the Committee was present at the 25th Annual General Meeting of the Company held virtually (e-AGM) on August 31, 2021.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of SEBI Listing Regulations. The scope of the Committee includes an annual review of the Nomination & Remuneration Policy, recommend to the Board appointment & removal of the Directors, approve performance evaluation framework, formulate the criteria for determining qualifications, positive attributes and independence of a director.

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act and the same is uploaded on the Company's website at: www.avendus.com. The said policy is attached herewith as Annexure 1 to this Report.

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	3	2
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member	3	3
Ms. Padmaja Ruparel	Independent Director	Member	3	3

During the year under review, the Committee met on May 24, 2021, August 30, 2021 and November 11, 2021 and Mr. Pijush Sinha, the Permanent Chairman of the Committee chaired all the meetings except the meeting held on November 11, 2021 which was chaired by Mr. Kaushal Kumar Aggarwal.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of the Committee includes to formulate and recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to institute a transparent monitoring mechanism for implementation of the CSR activities.

During the year under review, the Board based on the recommendation of the CSR Committee, amended the CSR Policy to align the same in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Section 135 of the Companies Act, 2013, as amended, effective from January 22, 2021.

Stakeholders Relationship and Grievance Redressal Committee

As required under the provisions of Regulation 20 of SEBI Listing Regulations, the Board of Directors Company on February 11, 2022 constituted the Stakeholder Relationship Committee and the Committee was merged with the existing Grievance Redressal Committee, which was renamed as Stakeholders Relationship and Grievance Redressal Committee.

The composition of Stakeholders Relationship and Grievance Redressal Committee of the Company is as under:

Sr. No	Members	Category	Status
1	Mr. Pijush Sinha	Non-Executive Director	Chairman
2	Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member
3	Mr. Deba Prasad Roy	Independent Director	Member

Brief Description of Terms of Reference:

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the SEBI Listing Regulations, besides the other terms as referred by the Board of Directors.

The key responsibility of the aforesaid Committee is to consider and resolve the grievances of the security holders of the Company such as complaints related to transfer of shares / debentures/ bonds, non-receipt of balance sheet, non-receipt of interest/ declared dividends etc. The Committee inter alia, also monitors and review any investor complaints received by the Company from the Investors, Stock Exchanges, Ministry of Corporate Affairs, SEBI, SCORES, etc. and to ensure its timely and speedy resolution, in consultation with the Company Secretary and Compliance Officer and Registrar and Share Transfer Agent of the Company. No complaints were pending for resolution as on March 31, 2022.

Since the Committee was constituted on February 11, 2022, no meetings of Stakeholders Relationship and Grievance Redressal Committee were held in the months of February and March 2022.

Meeting of Independent Directors

During the year under review, the Independent Directors of the Company met once on March 04, 2022, inter alia, to:

- To consider and review the performance of Non- Independent Directors and the Board as a whole; and
- To review and assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to function and perform their duties effectively and reasonably.

All the Independent Directors were present throughout the meeting and the Meeting was conducted in a formal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel. Considering the experience of Mr. Suresh Menon, Non-Executive Director, the Independent Directors had invited Mr. Menon, for the meeting.

Risk Management Committee

The Risk Management Committee is formed in compliance with Regulation 21 of SEBI Listing Regulations and RBI Master Directions which monitors the risk management strategy of the Company. The Committee meets twice in a year, in compliance with the regulatory requirements.

In order to ensure best governance practices, the Company has established risk management process for its business and operations. These processes have been implemented through the specific policies adopted by the Board of Directors of the Company. Entire processes are subjected to robust independent internal audit review to arrest any potential risks and take corrective actions.

The Composition of the Committee as on date of this report 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 ³	Non-Executive Director	Chairperson	2	2
Mr. Pijush Shah	Non-Executive Director	Member	2	1
Mr. Kaushal Kumar Aggarwal	Managing Director and CEO	Member	2	2
Mr. Dhiren Mehta	Member	Member	2	1
Mr. Deba Prasad Roy	Independent Director	Member	2	2

Mr. Narayan Prasad K, Head of Risk and Portfolio Management Department is the Permanent Invitee w.e.f. February 11, 2022

During the year under review, the Committee met on November 11, 2021 and February 11, 2022.

Brief Description of Terms of Reference:

The terms of reference of the Committee includes formulation of Risk Management Framework and/or Risk Management Policy and monitoring of the Company's risk management policies and procedures, review the adequacy of risk management systems including adequacy of the existing measures to mitigate risks covering various functions of the Company, to evaluate and ensure that appropriate processes and systems are in place to monitor, evaluate and report cyber security risks associated with the business of the Company and to perform such other functions as may be required under the relevant provisions of the SEBI Listing Regulations and any other applicable circulars issued by the regulatory authorities.

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. It also covers development of procedures, use of risk

³ Appointed as Chairperson w.e.f February 11, 2022

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 and risk register. 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.

Asset Liability Management Committee

The Asset Liability Management Committee was reconstituted on July 22, 2020 as per RBI Master Directions to oversee the implementation of Asset Liability Management system and review its functioning periodically.

The Composition of the Committee as on date of this report 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	3	3
Mr. Suresh Menon	Non-Executive Director	Member	3	3
Mr. Gaurav Deepak	Non-Executive Director	Member	3	1
Mr. Dhiren Mehta	Group-Chief Risk Officer	Member	3	2
Mr. Sameer Kamath	Chief Financial Officer	Member	3	3

Mr. Narayan Prasad K, Mr. Saket Pachisia, Business Representative, IT Representative is the Permanent Invitee w.e.f. February 11, 2022

During the year under review, the Committee met Three times i.e on -May 24,2021, October 11, 2021 and January 24, 2022 respectively.

The Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies. The Committee inter alia, oversees the Company's short, medium and long-term funding and liquidity management requirements. It also reviews the liquidity position based on future cash flows.

IT Strategy Committee

Information Technology (IT) Strategy Committee was constituted on July 22, 2020 as per the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector.

The Composition of the Committee as on date of this report 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	Independent Director	Chairperson	2	2
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member	2	2
Mr. Sameer Kamath	Chief Financial Officer	Member	2	2
Ms. Radhika Parmanandka	Company Secretary	Member	2	2
Mr. Romesh Sampat	Chief Information Officer & Chief Technology Officer	Member	2	2

Mr. Amey Mahadik, Infosec Manager and Narayan Prasad K, Head of Risk and Portfolio Management Department is the Permanent Invitee w.e.f. February 11, 2022

During the year under review, the Committee met two times i.e on May 24,2021and November 11,2021.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the IT Strategy Committee include approving IT strategy & policy documents & ensuring that the management has put an effective strategic planning process in place, ascertaining that management has implemented processes & practices that ensure that the IT delivers value to the business, ensuring IT investments represent a balance of risks & benefits & their budgets are acceptable, monitoring the method that management uses to determine the IT resources needed to achieve strategic goals & provide high-level direction for sourcing & use of IT resources and ensuring proper balance of IT investments for sustaining Company's growth & becoming aware about exposure towards IT risks and controls.

Further, key responsibilities for outsourced operations of IT include instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner, defining approval authorities for outsourcing depending on nature of risks

and materiality of outsourcing, developing sound & responsive outsourcing risk management policies & procedures commensurate with the nature, scope & complexity of outsourcing arrangements, undertaking a periodic review of outsourcing strategies & all existing material outsourcing arrangements, evaluating the risks & materiality of all prospective outsourcing based on the framework developed by the Board, periodically reviewing the effectiveness of policies & procedures, communicating significant risks in outsourcing to the Company's Board on a periodic basis, ensuring an independent review & audit in accordance with approved policies & procedures.

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 again on February 01, 2021.

The Composition of the Committee as on date of this report 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	Member	2	1
Mr. Pijush Sinha	Non-Executive Director	Member	2	2
Mr. Gaurav Deepak	Non-Executive Director	Member	2	2

During the year under review, the Committee met on December 9, 2021 and January 22, 2022.

Brief Description of Terms of Reference :

The scope of the Committee is to decide and determine (i) the final size of the Issue, (ii) the price (including coupon rate) at which the Debentures shall be offered, (iii) the creation of such security in respect of the Debentures as may be required, and (iv) the timing and such other terms and conditions in consultation with the investor/debenture trustees, decide the opening and closing dates for the Issue and to extend, vary or alter the same as it may deem fit at its absolute discretion, issue and allot the Debentures in one or more tranches and to do all such acts, deeds, matters and things necessary or desirable in connection with or incidental to the Issue.

Technology Committee

The Technology Committee was formed w.e.f April 01, 2019 and was re-constituted on February 11, 2022. The Composition of the Committee as on date of this report 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. Nitin Singh	Chairman	Member	2	2
Mr. Amey Mahadik ⁴	Member	Member	-	-
Mr. Himanshu Damania	Member	Member	2	2
Mr. Narendra Tari	Member	Member	2	2

During the year under review, the Committee met Two times i.e on May 20, 2021 and December 3, 2021

Brief Description of Terms of Reference:

The terms and reference of Technology Committee are in line with the Regulatory Requirements. The key responsibility of Technology Committee is to implementation of the Cyber Security and Cyber Resilience policy on half yearly basis and to place the same before Board for appropriate action and to set a goals for a target level of Cyber Resilience and establish plans and improve and strengthen Cyber Security and Cyber Resilience.

Code of Conduct

Pursuant to Regulation 17(5) of SEBI Listing Regulations, your Company adopted 'Code of Conduct for Board Members and Senior Management Personnel', approved by the Board of Directors on May 4, 2022, which is binding on Board Members and Senior Management Personnel of the Company.

The Company being a High Value Debt Listed Entity, provisions of SEBI Listing Regulations, relating to Corporate Governance, became applicable to the Company with effect from September 7, 2021 on a comply or explain basis until March 31, 2023.

As required under the Code of Conduct, all Board Members and Senior Management Personnel have acknowledged receipt of the Code.

Pursuant to the provisions of Regulation 26(3) of the SEBI Listing Regulations, all members of the Board of Directors and Senior Management Personnel shall affirm compliance with the Code of Conduct on an annual basis. A declaration signed by the Managing Director & CEO of the Company to this effect shall form part of the Corporate Governance Report in the Annual Report of Financial Year 2022-23. The Code is also accessible at the Company's website at the web-link: www.avendus.com

⁴ Mr. Amey Mahadik was appointed as a member w.e.f February 11, 2022

Code for Prevention of Insider Trading Practices

The Company has, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations') formulated and adopted the following:

- a) **The 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'** to ensure prompt, timely and adequate disclosure of Unpublished Price Sensitive Information ('UPSI'). The Fair Disclosure Code inter alia, includes the Policy for Determination of "Legitimate Purpose"
- b) **The 'Code of Conduct for Prevention of Insider Trading to regulate, monitor and report Trading by Designated Persons'** is designed to maintain the highest ethical standards of trading in securities of the Company by Designated Persons. The provisions of this Code are designed to prohibit Designated Persons and Connected Persons from trading in the Company's securities when in possession of Unpublished Price Sensitive Information ('UPSI') and lays down guidelines / procedures to be followed and disclosures to be made while dealing with securities of the Company and cautions them of the consequences of violations.

The Company sends mailers periodically to educate the Designated Persons on the Insider Trading laws. Your Company has in place a structured digital database recording the details of UPSI shared with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. All declarations, disclosures, notifications, approvals, are regulated through an automated system implemented for monitoring Insider Trading.

In addition to the above, the Company being a SEBI registered intermediary has also adopted and is in compliance with Avendus Group Code of Conduct to regulate, monitor and report Trading by Designated Persons.

Directors & Officers Liability Insurance coverage

The Company has in place Directors and Officers Liability Insurance coverage from ICICI Lombard General Insurance Company Limited for an overall limit of Rs. 100 Crores, along with risks coverage & individual limits thereunder, covering all the Directors of Avendus Group including Independent Directors of the Company.

Means of Communication

The Company, from time to time and as may be required, interacts with its Debenture holders, Debenture Trustees and Shareholders through multiple channels of communication such as announcement of financial results, annual report, dissemination of information on website of the Company and Bombay Stock Exchange, payment of interest or redemption amount on debentures, and subject specific communications.

General information for members and Debenture holders

The Company publishes its quarterly, half-yearly and annual results in Business Standard circulating in the whole or substantially the whole of India. .

The 'Investors' section on the Company's website www.avendus.com keeps the investors updated on material developments in the Company by providing key and timely information such as quarterly/ half- yearly and the annual Financial Results, Annual Reports, etc. The debenture holders can also send in their queries / complaints at the designated email address: investor.afpl@avendus.com.

The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 51 read with Part 'B' of Schedule III of the SEBI Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information.

The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited, viz. BSE Corporate Compliance and Listing Centre (Listing Centre).

General Meetings

The details of the special resolutions passed in the General Meetings held in the previous three financial years are given below:

Annual General Meeting

Date & Time	Venue	Special resolutions passed
August 31, 2021 at IST 2:00 P.M	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	1) To consider and approve re-appointment of Mr. Deba Prasad Roy as an Independent Director for a second term of five consecutive years 2) To consider and approve re-appointment of Ms. Padmaja Ruparel as an Independent Director for a second term of five consecutive years 3) To consider and approve issuance of Debentures
September 30, 2020 at 2:45 P.M.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	No Special Resolution was passed
September 27, 2019 at 11:00 A.M.	Held at Registered office of the Company situated i.e. The IL&FS Financial Centre, 6 th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (East), Mumbai – 4000 51	To consider and approve appointment of Mr. Suresh Menon as an Independent Director of the Company

Extra-Ordinary General Meeting

Date & Time	Venue	Special resolutions passed
May 12, 2021 at IST 10.30 am	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	1) To consider and approve issuance of Debentures
November 22, 2021, 2021 at IST 2.00 pm		1) To consider and approve appointment of Statutory Auditors and payment of remuneration
May 18, 2020 at IST 5 p.m.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	1) Issue of Debentures 2) To approve amendment to Articles of Association of the Company
July 17, 2019 at IST 10 a.m.	Held at Registered office of the Company situated i.e. The IL&FS Financial Centre, 6 th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (East), Mumbai – 4000 51	1) Issue of Debentures / MLDs

All the resolutions were passed by show of hands and no resolutions were passed by postal ballot.

Disclosures:

a) Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations during the financial year 2021-22 were in the ordinary course of business and on an arm's length basis. The details of the transactions with related parties are placed before the Audit Committee from time to time. During the financial year 2021-22, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, etc., that may have potential conflict with the interests of the Company at large.

Further, details of related party transactions are presented in Note No. 39 to Standalone Financial Statements in the Annual Report. In addition, as per the SEBI Listing Regulations, your Company has also submitted to the Stock Exchange disclosures of related party transactions along with standalone financial results every half year, in the format specified by the Board and also published it on the website of the Company.

b) Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the SEBI Listing Regulations, which specify the manner of entering into Related Party Transactions.

The Policy on Related Party Transactions has been hosted on the website of the Company in accordance with the provisions of the SEBI Listing Regulations and RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and can be accessed at the web-link: www.avendus.com.

c) Policy for determining Material Subsidiaries

Since your Company does not have subsidiaries, the Company has not formulated a Policy for determining Material Subsidiaries as defined in Regulation 16 of the SEBI Listing Regulations.

d) Compliance

The Company being a High Value Debt Listed Entity, provisions of SEBI Listing Regulations, relating to Corporate Governance, became applicable to the Company with effect from September 7, 2021 on a comply or explain basis until March 31, 2023.

Your Company is in the process of complying with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in Part 'C' of Schedule V of the SEBI Listing Regulations and have disclosed the necessary and available information as specified in Regulations 17 to 27 in the respective places in this Report.

e) Statutory Compliance, Penalties and Strictures

Your Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets since the listing of the listed debt securities.

f) Whistle Blower Policy

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the SEBI Listing Regulations is implemented through the Whistle Blower Policy. This Policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders have been provided access to the Audit Committee through the Chairperson, to report illegal or unethical behaviour, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity.

The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on website of the Company i.e. www.avendus.com . No personnel have been denied access to the Audit Committee. All employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make protected disclosures by sending an email at the designated email id: afpl.auditcommittee@avendus.com or through any other mechanism as prescribed in the Whistle Blower Policy.

The Chairperson of the Audit Committee can be reached by sending a letter to the below mentioned address: Chairperson of the Audit Committee; Address: Audit Committee Chairman, Avendus Finance Private Limited The IL&FS Financial Centre, 6th floor, C& D Quadrant, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

The Whistle Blower Policy provides for reporting of insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information by the employees. The Whistle Blower Policy has been hosted on the Company's website at the web-link: www.avendus.com.

g) Appointment/Re-appointment of Director(s)

The details of Directors seeking appointment/ re-appointment, if any at the forthcoming Annual General Meeting is / will be set out in the Notice of the General Meeting.

h) Compliance with Mandatory Requirements

The Company being a High Value Debt Listed Entity (HVDLE), provisions of SEBI Listing Regulations, relating to Corporate Governance, became applicable to the Company with effect from September 7, 2021 on a comply or explain basis until March 31, 2023.

The Company is in compliance with the provisions of SEBI Listing Regulations applicable to the Debt listed entity, The Company is also in the process of complying with other mandatory requirements, as applicable to HVDLE within the time as permitted under SEBI Listing Regulations.

i) Compliance with Non-Mandatory Requirements

The Company has adopted the following non-mandatory requirements to the extent mentioned below:

1. Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's Standalone Financial Statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of Financial Statements with unmodified audit opinion.

2. Separate Posts of Chairman and Managing Director and CEO

As on the date of this Report, the Chairman of the Board is a Non-Executive Director and is not related to the Managing Director & CEO of the Company as per the definition of the term "relative" defined in the Act.

j) Disclosure in relation to recommendation made by Committees of the Board

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

k) Certificate Regarding Non-Debarment and Non-Disqualification of Directors from Practising Company Secretary

A certificate issued by M/s. MMJB & Associates LLP Practicing Company Secretaries, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of SEBI Listing Regulations certifying that none of the Directors on the Board of the Company as on March 31, 2022, has been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report as Annexure 2.

l) Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the SEBI Listing Regulations.

m) Total fees paid to the Statutory Auditors and all the entities in the network firm/entities

The details of total fees for all the services paid by the Company during the Financial Year 2021-22 to its Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors are a part, are given below:

Particulars	Deloitte Haskins & Sells LLP	M. M. Nissim & Co
Statutory Audit	3,50,000	10,00,000
Other services including reimbursement of expenses	4,00,000	2,20,000

n) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Status of complaints for the Financial Year 2021-22 is as follows:

Number of complaints filed during the financial year	Nil
Number of complaints disposed off during the financial year	Nil
Number of complaints pending as at end of the financial year	Nil

o) Disclosure by Company and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'

During the year under review, your Company has not provided a loan nor advanced any amount in the nature of loans to firms/companies in which the Directors of the Company are interested.

p) General Shareholders Information:

Pursuant to Circular No. 14 dated April 08, 2020, General Circular No. 17 dated April 13, 2020, and General Circular No. 20 dated May 5, 2020, SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79

dated 12th May, 2020 General Circular No.22 dated June 15, 2020, General Circular No. 33 dated September 28, 2020, General Circular No. 39 dated December 31, 2020, the General Circular No. 02/2021 dated January 13, 2021, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 General Circular No. 10 dated June 23, 2021, General Circular No. 20 dated December 8, 2021 Circular No. 21/2021 dated December 14, 2021, and General Circular No. 02 dated May 05, 2022 issued by the Ministry of Corporate Affairs, respectively, companies are allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM) for the calendar year 2021. Accordingly, your Company will be conducting the AGM through VC/OAVM facility.

The detailed instructions for participation and voting at the Meeting is available in the Notice of the 26th AGM. Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice of AGM, and this mode will be available throughout the proceedings of the AGM.

In case of any query and/or help, in respect of attending the AGM through VC/OAVM mode, Members may refer the details as provided in the Notice of Annual General Meeting which is also available on website of the Company i.e. www.avendus.com or contact Mr. Rajendra Rana, email id: rajendra.rana@avendus.com; Phone no: +91 22 66480008

26th Annual General Meeting:

Day and Date:	Wednesday, August 10, 2022
Time	IST 1:15 p.m.
Mode of AGM	Video conferencing
Deemed Venue of the Meeting	Registered office i.e. The IL&FS Financial Centre, 6th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051
Link to participate through video conferencing:	https://avendus.zoom.us/j/82602440897?pwd=RE1EU1JxQjlha3FmNEx3Z0tzR2RhZz09

Financial Year of the Company:

The financial year covers the period from 1st April to 31st March

Financial Reporting for:

Quarter ending June 30, 2022 - Mid August 2022

Half-year ending September 30, 2022 – Mid November 2022

Quarter ending December 31, 2022 – Mid February 2023

Year ending March 31, 2023 – End May 2023

Note: The above dates are indicative.

Registered Office :

Aventus Finance Private Limited
The IL&FS Financial Centre, 6th Floor, C and D Quadrant,
Bandra-Kurla Complex,
Bandra (E), Mumbai-400 051
T: +91 22 6648 0050 F: +91 22 6648 0040
www.avendus.com

Corporate Identity Number:

U65921MH1996PTC251407

Listing Details

A. Equity Shares:

The Equity Shares of the Company are not listed.

B. Non-Convertible Debentures:

The Non-Convertible Debentures (NCDs) of the Company comprise of secured, rated NCDs through private placement issuances. The NCDs are listed on the debt market segment of BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Commercial Papers are also listed on the debt market segment of BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Company has paid the requisite listing fees in full.

C. Script codes of Non-Convertible Debentures:

959488, 959645, 959884, 960085, 960488, 973080, 973281, 973375, 973644 & 973771

Registrar to an issue and share transfer agents:

Name: NSDL Database Management Limited

Address: 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

Contact Person: Mr. Nilesh Bhandare

Fax: 022 49142503

Email: nileshb@nsdl.co.in

Phone: +91 22 49142591

Website of the RTA: www.ndml.in

Shareholding pattern as on March 31, 2022:

Category of Shareholders	Number of Equity Shares held	% of shareholding
Avendus Capital Private Limited	4,97,56,33,321	100
Ranu Vohra (Nominee of ACPL)	1	0
Kaushal Kumar Aggarwal (Nominee of ACPL)	1	0
Gaurav Deepak (Nominee of ACPL)	1	0
Pijush Sinha (Nominee of ACPL)	1	0

Dematerialisation of Debentures:

As on March 31, 2022, 100 percent of the debentures of the Company were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's debentures are listed and traded on BSE.

Unclaimed Dividend and Shares transferred to Investor Education and Protection Fund Authority ("IEPF"):

Pursuant to the provisions of Section 124 of the Companies Act, 2013, the unclaimed amount on the Non-Convertible Debentures needs to be transferred to the Investor Education and Protection Fund ("IEPF") after completion of seven years from the date it becomes due for payment. Pursuant to Section 125 of the Act, any person whose unclaimed amount has been transferred to the IEPF, can claim their refunds by making an application to the IEPF authority as provided under the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016.

As on March 31, 2022, no principal amount of the matured debentures remained unclaimed.

Ms. Radhika Parmanandka, Company Secretary shall be Nodal Officer, for and on behalf of the Company for the purpose of verification of claims and co-ordination with IEPF Authority, under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time. The Contact details of Persons handling Investor Grievance are available on the website of the Company at www.avendus.com under Investor Information tab.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on March 31, 2022, your Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15th November, 2018 is not required to be furnished by the Company.

Your Company do not have any foreign currency exposure and therefore no foreign currency hedging is required in line with requirement of RBI guidelines.

Your Company follows the Accounting Policy and Disclosure Norms for derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on March 31, 2022 are disclosed in Note No. 33 to the Standalone Financial Statements in the Annual Report.

Plant Locations / Offices

In view of the nature of business activities carried on by the Company, the Company operates from the Registered Office situated at Mumbai and have a branch office located at New Delhi.

Address for Correspondence for Non-Convertible Debentures

NSDL Database Management Limited acts as Registrar and Transfer Agents for the Non-Convertible Debentures of the Company. Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Nilesh Bhandare, Email Id: nileshb@nsdl.co.in Tel. : +91 22 49142591. Debenture holders would have to correspond with the respective Depository Participants for Debentures held in dematerialized mode.

For and on behalf of the Board of Director

Date: May 24, 2022
Place: Mumbai

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN:00153487

Nitin Singh
Director
DIN: 06904459

MMJB & Associates LLP

Company Secretaries

803-804, Ecstasy, City of Joy, JSD Road, Mulund - West, Mumbai - 400080, (T) 21 678100

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members,
Avendus Finance Private Limited,
The IL & FS Financial Centre,
6th Floor, C and D Quadrant,
Bandra-Kurla Complex Bandra (E),
Mumbai 400051.

We have examined the compliance of conditions of Corporate Governance by **Avendus Finance Private Limited** ("the Company") for the year ended on March 31, 2022, as stipulated in Regulations 17 to 27 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("listing regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the company, being a High Value Debt Listed Entity has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Para C, D and E of Schedule V of Listing Regulations on Comply and Explain basis and is in the process of full compliance.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

MMJB & Associates LLP
Company Secretaries



Deepti Kulkarni

ACS: A34733

CP: 22502

PR: 904/2020

UDIN: A034733D000374182

Date: 24.05.2022

Place: Mumbai

AVENDUS FINANCE PRIVATE LIMITED
NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is in compliance with the provisions of Section 178 of Companies Act, 2013 read along with the applicable rules thereto and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time.

This Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been laid down on the recommendations of the Nomination and Remuneration Committee of the Board and approved by the Board of Directors at its meeting held on June 27, 2020.

This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

1. APPLICABILITY AND SCOPE

This Policy is applicable and covers the appointment, remuneration of Directors, Key Managerial Personnel ("KMP"), and Senior Management Personnel ("SMPs") of the Company and performance appraisal of the Directors.

2. OBJECTIVES

The Policy lays down the:

- i. Criteria for determining *inter-alia* qualification, positive attributes and independence for appointment of a Director (executive/non-executive/independent) on the Board of the Company.
- ii. Criteria for payment of remuneration to Directors, (KMP), (SMP) and other Employees of the Company.

3. DEFINITIONS

- i. "Board" means Board of Directors of the Company.
- ii. "Company" means "Avendus Finance Private Limited."
- iii. "Employee" means any person who is employed by the Company but does not include the person who is engaged by the Company for a specific period or assignment by way of an agreement or contract.
- iv. "Employees' Stock Option" means the option given to the Directors, Officers or Employees of a company, as per the Employees Stock Option Scheme of Avendus Capital Private Company ("the Holding Company"), as may be determined by the Board of the Holding Company and

the Company, which gives such Directors, Officers or Employees, the benefit or right to purchase, or to subscribe for, the shares of the Holding Company.

- v. "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations.
- vi. "Key Managerial Personnel" (KMP) means
 - a. Chief Executive Officer or the Managing Director or the Manager,
 - b. Company Secretary,
 - c. Whole-time Director,
 - d. Chief Financial Officer and
 - e. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - f. Such other officer as may be prescribed.
- vii. "Committee" shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations
- viii. "Policy" means, "Nomination and Remuneration Policy."
- ix. "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income- tax Act, 1961.
- x. "Senior Management Personnel" means officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not a part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and SEBI Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SMP

A. Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as, Director, KMP or SMP who may be qualified to become Directors or KMP or SMP and recommend to the Board his / her appointment.

- b) A person to be appointed as Director, KMP or SMP should possess adequate qualification, expertise and experience for the position he / she is considered for.
- c) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the designated position and the criteria shall be in compliance with the provision of Companies Act 2013, SEBI Listing Regulations and such other requirements as may be required by any law for the time being in force and applicable to the Company.
- d) Approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- e) The Company shall not appoint or continue employment of any person as a Managing Director / Whole-time Director who has attained the age of seventy years and Non-Executive Director who has attained the age of seventy-five years. Provided that the term of person holding these position(s) may be extended beyond the age of seventy years/seventy five years with the approval of the shareholders by passing a special resolution based on the justification stating reasons / clarification for extension of appointment beyond seventy years/ seventy five years as the case may be.
- f) The appointment, re-appointment or removal of an Independent Director of the Company, shall be subject to the approval of shareholders by way of a special resolution.
- g) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
- h) With respect to appointment of Employees other than the one mentioned above, the Human Resource Department with the consultation / advice /recommendations of the respective Functional Head / Managing Director of the Company, as the case may be, can decide on their appointments and the same need not be recommended to the Committee/Board as the case may be.

B. Term / Tenure:

- a) Managing Director / Whole-time Director / Manager (Managerial Personnel): The Company shall appoint or re-appoint a person as its Managerial Person for a term not exceeding five years at a time by passing of a resolution and make disclosure of such appointment in the Directors Report. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- i. Subject to recommendation by the Board, an Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- ii. No Independent Director shall hold office for more than two consecutive terms of upto maximum of five years each , but such Director shall be eligible for appointment as Independent Director after expiry of three years of ceasing to become an Independent Director.
- iii. The Independent Director shall not, during the said period of three years, be appointed or be associated with the Company in any other capacity, either directly or indirectly.
- iv. The Independent Director, who resigns from the Company, shall not be appointed as an executive / whole time director on the board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.
- v. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves, is restricted to applicable regulations in force.

C. Evaluation:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

D. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 ('Act') and rules made there under or under any other applicable Act, rules and regulations or any Code of Conduct or any policies of the Company or Avendus Group Policies, the Committee may recommend, to the Board with reasons recorded in writing, removal of a, Director, KMP or SMP subject to the provisions and compliance of the Act, rules and regulations.

E. Retirement:

The, Executive Director, KMP and SMP shall retire as per the prevailing policy of the Company. On the recommendation of Avendus Group, Head Human Resources and in line with the Avendus Group HR philosophy, the Board will have the discretion to retain the , Executive Director, KMP, SMP in the same position / remuneration, for such further period even after attaining the retirement age, for

the benefit of the Company.

5. DISQUALIFICATION FOR APPOINTMENT OF DIRECTORS

A person shall not be eligible for appointment as director of the company if he does not meet the requirement or disqualifies as a director under of Companies Act, 2013. A person shall not be eligible for appointment and continuance as a Director if he / she is not found 'fit and proper' by the Nomination & Remuneration Committee.

6. REMUNERATION POLICY FOR DIRECTORS, KMP AND SMP

The Remuneration Policy captures remuneration strategies of the Company which include compensation, variable-compensation and the process for the measurement and assessment of employee and executive performance.

This Remuneration Policy applies to the Company's Directors, KMP, SMP and other Employees..

A. Remuneration for Directors of the Company

The remuneration / compensation / commission to be paid to the Directors will be determined by the Committee and recommended to the Board for approval.

The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, the rules made thereunder and SEBI Listing Regulations.

B. Remuneration of Non-executive Directors including Independent Directors

The Non-Executive Directors (who are not in the employment of the Company and /or its holding company / subsidiaries / associates) / Independent Directors of the Company shall be paid sitting fees as per the limits prescribed under the Companies Act, 2013 and as may be decided by Board of Directors of the Company.

Where any insurance is taken by the Company on behalf of its Directors, KMP and SMP for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

C. Remuneration of KMP / SMPs

The Company shall review, at least annually, the KMP / SMP remuneration arrangements under

advice from the Human Resources team, which will be based on current market benchmarks and with due consideration to law and corporate governance principles.

Remuneration of the KMP / SMP consists of a fixed component and a variable performance incentive. Changes in either would be based on the annual appraisal of the KMP / SMP on a detailed performance evaluation of their Key Performance Indicators (KPI's)

The fixed components will comprise of various components like basic salary, perquisites and retirement benefits. The entitlement and eligibility for each of these would be in line with Avendus Group compensation philosophy.

The Variable pay component is linked to the financial performance of the Avendus Group, achievement of targets set for business of the Company and the individual performance and that of the department/team.

Annual Performance Linked Bonus : Individual bonus allocation takes performance ratings and performance against various set of objectives mentioned below into consideration:

- a. In the beginning of the year the Company sets the organization performance objectives based on qualitative and quantitative measures.
- b. These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.
- c. These objectives form part of the performance targets for the KMP / SMP
- d. Performance against these objectives is reviewed annually by the Nomination & Remuneration Committee / Board and is reflected in the Performance review.

D. Remuneration for Employees of the Company

The Company adopts a total compensation philosophy in rewarding employees. The total compensation package for the employees comprises of Fixed and Variable Component. Fixed pay consists of the base salary and any recurring, regular allowances payable in the specific location. Variable pay includes performance bonuses and ESOP's for eligible employees.

The level of total compensation is designed to be appropriate to attract, retain and motivate employees to contribute their best. In determining the total compensation of employees, the Company takes into account the role and its responsibilities, the individuals' and teams' performance, and the Company's performance, as well as market factors. The Company's

remuneration strategy is market-driven and aims at attracting and retaining the best talent.

Factors such as profitability and achievement of key performance indicators are taken into consideration, in determining the bonus pool for the Company and its business units. Individual bonus allocation is based on performance against various set of pre-defined objectives (KRAs) determined at the start of the year.

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodic basis.

7. DEVIATIONS FROM THE POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

8. DISCLOSURES IN THE BOARD REPORT

The disclosures w.r.t remuneration of Directors, KMP, SMP and other employees shall be made in the Board Report as may be applicable and required under the relevant provisions of the Companies Act, 2013, the rules made there under and SEBI Listing Regulations. .

9. POLICY REVIEW AND AMENDMENTS

This Policy may be reviewed annually by the Board of the Company on the recommendation of the Nomination & Remuneration Committee of the Board.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or SEBI Listing Regulations or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This Policy may be amended or substituted by the NRC or by the Board as and when required where there are any statutory changes necessitating the change in the policy.

Makarand M. Joshi & Co.

Company Secretaries

Ecstasy, 803/804, 9th Floor, City of Joy, J.S.D Road, Mulund (West), Mumbai- 400080, (T) 21678100

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 53 and Para C Clause (10)(i) of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members

Aventus Finance Private Limited

The IL & FS Financial Centre, 6th floor,
C & D Quadrant, Bandra-Kurla Complex,
Bandra (E), Mumbai, 400051.

We have examined the relevant disclosures provided by the Directors of Aventus Finance Private Limited (as enlisted in Table A), bearing CIN U65921MH1996PTC251407, having registered office at The IL & FS Financial Centre, 6th Floor, C and D Quadrant, Bandra-Kurla Complex, Bandra (E), Mumbai 400051 (hereinafter referred to as '**the Company**') for the purpose of issuing this Certificate, in accordance with Regulation 53 read with Para C clause 10(i) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information, based on (i) documents available on the website of the Ministry of Corporate Affairs as on 13th April 2022 and Stock Exchanges as on 13th April 2022 (ii) Verification of Directors Identification Number (DIN) status at the website of the Ministry of Corporate Affairs, and (iii) disclosures provided by the Directors (as enlisted in Table A) to the Company, we hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority as on 31st March, 2022.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of Original appointment in Company
1.	Deba Prasad Roy	00049269	30/12/2019
2.	Kaushal Kumar Aggarwal	00153487	17/01/2013
3.	Gaurav Deepak	00153524	24/12/2020
4.	Suresh Shanker Menon	00737329	13/04/2017
5.	Padmaja Shailen Ruparel	01383513	27/02/2020
6.	Pijush Sinha	02048277	17/01/2013
7.	Nitin Singh	06904459	04/03/2020

General Disclaimer: Our Analysis for this certificate does not covers the verification of criteria pertaining to appointment as Independent director under Section 149 and criteria pertaining to appointment as Managing Director under section 196 and Schedule V of the Companies Act, 2013.

**For Makarand M. Joshi & Co.
Practicing Company Secretaries**

KUMUDINI
DINESH
BHALERAO

Digitally signed by
KUMUDINI DINESH
BHALERAO
Date: 2022.05.24 18:14:29
+05'30'

**Kumudini Bhalerao
Partner**

FCS No. 6667

CP No. 6690

UDIN: F006667D000377972

Place: Mumbai

Date: May 24, 2022

MMJB & Associates LLP

Company Secretaries

803-804, 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, 2022

[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 400051.

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 called '**the Company**'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

Unmodified Opinion:

Based on our verification of the Company's 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, 2022 (hereinafter called the '**Audit Period**')



complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 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 thereunder to the extent of External Commercial Borrowings, Foreign Direct Investment and Overseas Direct Investment (**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;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not Applicable to the Company during the Audit Period**)
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (**Not Applicable to the Company during the Audit Period**)
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
 - 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 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (**Not Applicable to the Company during the Audit Period**);



- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**
- i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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 to the extent applicable to the company. ("Listing Regulations");

Further, the Company being High Value Debt Listed Entity, it is complying with the provisions of Listing Regulations on Comply and Explain basis and is in the process of full compliance.

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 complied with Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc mentioned above.

We further report that

Company is in the process of reconstitution of the Board Composition as per the recent amendments to listing regulations. 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:


- a. Allotted 3,230 Rated, Listed, Secured, Redeemable, Principle Protected, Non-Convertible Market Linked Debentures with Face Value of Rs 10,00,000/- each



- b. Allotted 350 Senior, Rated, Listed, Secured, Redeemable, Principle Protected, Non-Convertible Market Linked Debentures with Face Value of Rs 10,00,000/- each

MMJB & Associates LLP
Company Secretaries




Deepti Kulkarni
ACS: A34733
CP: 22502
PR: 904/2020
UDIN: A034733D000374237

Date: 24.05.202
Place: Mumbai

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


To
The Members,
Avendus Finance Private Limited,
The IL & FS Financial Centre,
6th Floor, C and D Quadrant,
Bandra-Kurla Complex Bandra (E),
Mumbai 400051.

Our report of event 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.

MMJB & Associates LLP
Company Secretaries




Deepti Kulkarni
ACS: A34733
CP: 22502
PR: 904/2020

UDIN: A034733D000374237

Date: 24.05.202
Place: Mumbai

AVENDUS FINANCE PRIVATE LIMITED

Policy on Related Party Transaction

SUMMARY OF POLICY

Policy Name	Policy on Related Party Transaction
Related Policies and Regulations	(RBI) Master Circular no. DNBR. PD. 008/03.10.119/2016-17 dated Sept 01, 2016 on "Non- Banking Financial Companies, as amended from time to time and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
Issue Date	September 18, 2018
Effective Date	September 18, 2018
Review Cycle	AN-OT AN = Annually QT =Quarterly MO=Monthly OT = Other i.e. upon regulatory change, introduction of new products / line of business etc.
Date of Last Review	February 11, 2022
Date of Next Review	February 2023 / as and when required due to change in regulations and / or applicable laws. Any subsequent amendment / modification in the Listing Regulations and/or applicable laws in this regard shall automatically apply to this Policy.
Company	Avendus Finance Private Limited
Recommended by	Audit Committee
Approver	Board of Directors
Annexures	Nil

AVENDUS FINANCE PRIVATE LIMITED
Policy on Related Party Transaction

A. Introduction:

The Board of Directors ("the Board") of Avendus Finance Private Limited ("the Company" or "AFPL"), has adopted the following Policy on Related Party Transaction ("Policy") and procedures with regards to any contract or arrangement with a Related Party, upon recommendation of the Audit Committee under the applicable provisions of the Companies Act, 2013 read with rules framed thereunder (the "Act") and in line with the requirements of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and subsequent amendments thereto.

The Reserve Bank of India (RBI), as part of their Master Directions – Non-Banking Financial Company Systematically Important Non-Deposit taking Company & Deposit taking Company (Reserve Bank) Directions 2016 ("RBI Guidelines") require the NBFCs to disclose the:

- a) details of all material transactions with related parties in the annual report
- b) policy on dealing with Related Party Transactions (RPT) on its website and also in the Annual Report

This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013, SEBI Listing Regulations and RBI Guidelines, in relation to Governance around Related Party Transactions.

The Board of the Company, on recommendation of the Audit Committee, has adopted this policy to-

- a. regulate transactions of the Company with 'its related parties *(as defined and identified under the Companies Act, 2013 (the "Act"))* and SEBI Listing Regulations;
- b. ensure high standards of Corporate Governance while dealing with related parties;
and
- c. ensure optimum compliance with various applicable laws prescribed for related party transactions ("RPT").

B. Intent and Objective of the Policy:

Regulation 23 of the SEBI Listing Regulations requires a Company to formulate a policy on materiality of related party transactions and dealing with Related Party Transactions including clear threshold limits duly approved by Board of Directors, and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

The Objective of this policy is to set out

- a) the materiality thresholds for related party transactions
 - b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company; and
- C. lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

D. Definitions:

- a. Arm's Length Basis: Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed or this purpose under any law can also be considered for establishing this principle.
- b. Materiality: Any contract / arrangement with a related party as defined under Section 188(1) of the Act, which is equal to or exceeds the limits mentioned under Rule 15(3) of the Companies (Meetings of the Board and its powers) Rules, 2014.
- c. "Material Related Party Transaction" means a transaction to be entered into with Related Party, individually or taken together with previous transactions during a financial year, exceeding the following threshold:
 - 1) In case of transaction(s) involving payments made to a Related Party with respect to brand usage or royalty, if the amount exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
 - 2) In case any other transaction(s), if the amount exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- d. Ordinary Course of Business: Transactions will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities and all such activities which the Company can undertake as per the Memorandum & Articles of Association.

e. Related Party Transaction (RPT) means:

1. for the purpose of the Act, specified transactions of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 and clause (iv) of sub-section 4 of Section 177 of the Act;
2. for the purpose of Regulation 2(1)(zc) of the SEBI Listing Regulations, a transfer of resources, services, or obligations between:
 - i. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
 - ii. a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract

Provided that the following shall not be a related party transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- c. acceptance of fixed deposits by banks/Non-Banking Finance Companies, in accordance with the applicable guidelines, at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

- b. Related Party means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards-

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.”

E. Policy on Related Party Transactions

All Related Party Transactions before being entered into *and* subsequent material modifications must be reported to the Audit Committee of the Company for its prior approval in accordance with this Policy. The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate. This Policy shall be reviewed by the Board of Directors at least once in a year and updated accordingly based on the recommendations of the Audit Committee.

“Material Modifications to a related party transaction” shall mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as approved by the Audit Committee / Board / Shareholders, as the case may be.

F. Review and Approval of Related Party Transactions

a. Approval of Audit Committee

1. All the transactions which are identified as Related Party Transactions and subsequent material modifications shall be subject to prior approval of the Audit Committee of the Company whether at a meeting or by resolution by way of circulation. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
2. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.
3. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.
4. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria /conditions as mentioned under Regulation 23(3) of the SEBI Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

5. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
6. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification

b. Approval of Board of Directors under the Act

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction.

On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

c. Shareholders' approval requirements

i) All material related party transactions and subsequent material modifications as defined in this policy or ii) Related Party Transactions not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, shall require *prior* approval of the shareholders through special resolution

In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between:

- a) a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- b) two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations. In case the Company is not able to take such prior approval from the Audit Committee, the

Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

G. Disclosures

- a) The Company will disclose to the Stock Exchange on a half yearly basis detail of all transactions with related parties.
- b) The details of all transactions with related parties shall also be submitted along with its financial results to the stock exchanges, in the format specified by the Securities and Exchange Board of India, and the same shall be published on the Company's website.

- H. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

I. Administrative Measures

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy.

Annexure V

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	Details
1.	The ratio of the remuneration of each Director to the median employee's remuneration for the financial year 2021-22	<p>Mr. Kaushal Kumar Aggarwal, Managing Director & CEO – 4.0 Cr</p> <p>Mr. Nitin Singh, Whole-time Director – 0.65 Cr</p> <p>Kaushal Aggarwal's annual Fixed Compensation ration is 1:13 times of the median of the annual fixed compensation of the employees.</p> <p>Nitin Singh's annual Fixed Compensation ration is 1:20 times of the median of the annual fixed compensation of the employees.</p> <p><i>(Remuneration includes: Fixed + Bonus)</i></p>
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 2021-22	<p>Mr. Kaushal Kumar Aggarwal was designated as Managing Director & CEO w.e.f June 27, 2020 and was not given any increment in F.Y. 2021-22.</p> <p>Ms. Radhika Parmanandka, Company Secretary – 37.5%</p> <p>Mr. Nitin Singh was designated as Whole-time Director w.e.f Sep 01, 2020 and was not given any increment in F.Y. 2021-22.</p>
3.	The percentage increase in the median remuneration of employees in the financial year 2021-22	19.8%
4.	The number of permanent employees on the roll of company as on 31 st March, 2022	29
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	<p>Average increase in salary of eligible employees other than managerial personnel is (+19.4%)</p> <p>Percentage Increase in Remuneration of Mr. Kaushal Aggarwal, Managing Director & CEO is (0%).</p> <p>Percentage Increase in Remuneration of Mr. Nitin Singh, is (0%)</p>
6.	Affirmation that the remuneration is 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

Nitin Singh
Director
DIN: 06904459

Place: Mumbai
Date: May 24, 2022

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.	<ol style="list-style-type: none"> 1. Mr. Kaushal Kumar Aggarwal 2. Mr. Nilesh Dhedhi 3. Mr. Anshul Jain 4. Mr. Gurudutta Mishra 5. Mr. Vinod Singh 6. Mr. Saket B Pachisia 7. Mr. Pankaj Binod Fitkariwala 8. Mr. Nitin Rajendra Singh 9. Mr. Rohan Rautela 10. Mr. Shailendra Jadhav
2	<p>Name of every employee who:</p> <p>(i) if employed throughout the year, was in receipt of remuneration not less than one crore and two lakh rupees in the aggregate;</p> <p>(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;</p> <p>(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.</p>	<p><u>Details of the 2 employees meeting either of the criteria provided as per given below Annexure A:</u></p> <ol style="list-style-type: none"> 1. Mr. Kaushal Kumar Aggarwal 2. Mr. Nilesh Dhedhi

Annexure A

Name of Employee	Mr. Kaushal Kumar Aggarwal
Designation	Managing Director & CEO
Remuneration received (Fixed + Bonus)	INR 4,00,00,000/-
Nature of employment whether contractual or otherwise	Permanent Full Time Employee
Qualifications & experience of the employee	BTech, 1995 MBA, 1997 Total Work Experience: 25 years
Date of commencement of employment	27-Jun-20
Age as on 31-Mar-2022	48 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.

Annexure A

Name of Employee	Mr. Nilesh Dhedi
Designation	Executive Director
Remuneration received (Fixed + Bonus)	INR 2,32,50,000/-
Nature of employment whether contractual or otherwise	Permanent Full Time Employee
Qualifications & experience of the employee	BE, 2002 MBA, 2005 Total Work Experience: 17 years
Date of commencement of employment	7-Dec-2015
Age as on 31-Mar-2022	42 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

Nitin Singh
Director
DIN: 06904459

Place: Mumbai
Date: May 24, 2022

Management Discussion and Analysis Report

Macroeconomic Overview

Indian economy witnessed robust growth in FY22 as against the contraction in FY21. The Indian gross domestic product (GDP) is expected to grow at 8.9% (as per IMF estimates, April 2022) in FY22 as against contraction of 6.6% in FY21. The Purchasing Managers Index across manufacturing and services has remained in expansionary territory with the latest reading of 54.7 and 57.9 respectively as of May 2022. The growth momentum was marginally stunted in later part of Q3 and early Q4 of FY22 due to the emergence of the third wave of COVID-19 pandemic which peaked in January 2022. However, according to RBI, several high frequency indicators – railway freight; GST collections; toll collections; electricity demand; fuel consumption; and imports of capital goods posted robust year-on-year expansion during February-March 2022. On the inflation front, India witnessed rising inflation with Consumer Price Inflation increasing from 5.03% in March 21 to 6.07% in March 22.

FY22 also observed the emergence of global macro headwinds which could impact growth and inflation in FY23. These can broadly be categorized into the following three areas:

- Disruption in global supply chains: The multiple waves of COVID-19 pandemic across the world has led to significant global supply chain disruption. The COVID-19 related lockdown enforced in China has had a major impact on availability of key raw materials across the world. The Global Supply Chain Pressure Index published by New York Federal Reserve Bank was at all-time high in December 2021 (4.5) and fell marginally in February 22 (3.31) (higher value indicates higher pressure on supply chain).
- Rising inflation: Key developed countries like USA (March 21 – 2.6% to March 22 - 8.5% source: Bureau of Labor Statistics), UK (March 21 – 1% to March 22 – 6.2% - source: Office of National Statistics), EuroArea (March 21 – 1.3% to March 22 – 7.4% - source: Eurostat) have witnessed significant increase in inflation. Similar trends have also been observed in other developed and developing economies. The Central Banks across world have either raised rates or are in the process of considering raising rates in Q1FY23. Further, while there was ample global liquidity in FY22, the same may not continue in FY23.
- Geo-Political issue: Russia invaded Ukraine in February 2022. Pursuant to the invasion, there have been widespread sanctions of Russia which led to a rise in prices across commodities including crude oil and gas, agricultural commodities etc. IMF has reduced the global growth forecast for CY 2022 from 4.4% in January 2022 to 3.6% in April 2022. According to IMF, this downgrade largely reflects the war's direct impacts on Russia, Ukraine and global spillovers.

Industry Structure and Overview

Credit Markets

Indian banking sector saw revival of lending across sectors with the non-food bank credit growing at 9.7% in March 2022 as compared to 4.5% in March 2021. Credit growth to industry increased to 7.1% in March 2022 from a degrowth of 0.4% in March 2021. Similarly, credit to medium industries registered a robust growth of 71.4% in March 2022 as compared to 34.5% a year ago. Credit growth to the services sector increased by 8.9% in March 2022 from 3% in March 2021, mainly due to acceleration in credit growth to NBFCs.

From a credit environment perspective, the CRISIL Ratings credit ratio (ratio of upgrades to downgrades) increased from 2.96 in H1FY22 to 5.04 in H2 FY22 underscoring the continued improvement in the performance in corporate credit. In the Banking system, the gross non-performing asset ratio (GNPA) has also fallen from 7.3 in FY21 to 6.9% in Q2FY22. In case of NBFCs the GNPA ratio increased from 6.5% in FY21 to 6.8% in Q3FY22. However, the increase was in part due to the change in the NPA norms introduced by RBI in November 2021. According to CRISIL, NBFCs rated by them, have managed the pandemic-induced challenges by adopting a three-pronged formula of strengthening their balance sheets by enhancing the liquidity, provisioning cover and capitalisation, and this has helped support their overall credit risk profiles.

The central government has continued its efforts to improve private sector capital expenditure through the continuation of Production Linked Incentive (PLI) scheme across sectors such as Electronic, White Goods, Pharmaceuticals, Automobiles, among others. The scheme is slated to generate 13-15% of the Capex in FY23 in these sectors (as per CRISIL Research). Similarly, the Emergency Credit Line Guarantee Scheme (ECLGS) was extended in May 2021 to cover impacted sectors such as civil aviation, hospitality, as well as support building of hospital infrastructure and creation of employment opportunities. ECLGS was further enhanced from INR 4.5 trillion to INR 5.0 trillion and the availability was extended till March 31, 2023. The RBI on its part, extended the timeline for "One Time Restructuring (OTR)" for MSME sector impacted by Covid-19. All the above steps have helped increase the credit supply, especially to the MSME sector.

On the regulatory front, RBI has introduced a new scale based regulation for NBFCs (Framework for Scale Based Regulation for Non-Banking Financial Companies) which would reduce the regulatory arbitrage between banks and large sized NBFCs.

Aventus Finance (AFPL) Overview

Aventus Finance Private Limited Ltd. (AFPL) is a wholly owned subsidiary of Aventus Capital Private Limited. It is a systematically important Non-deposit taking Non-Banking financial company (NBFC-ND-SI) registered with the Reserve bank of India (RBI) and has Depository Participant license with the Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL). The business activities were commenced in FY 16-17 and has been able to grow its asset under management (AUM) to INR 12,427 Million, as on March 31, 2022.

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, Enterprise Tech solutions, financial services and specific services sectors, amongst others.
3. 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.
4. Sharp ALM Focus: Liabilities raised are mostly long term in nature with a range of 3 - 5 years 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 Loan against Securities (LAS) business as well as a depository business:

1) Structured Finance

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 team specialises in spotting 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
 - 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) Loan against Securities (LAS)

AFPL in H2'FY21 has started offering lending solution to its existing and prospective Avendus Wealth Management Private Limited (AWMPL) clients. It offers Loan against securities and specialized lending including AIFs, selective unlisted equity etc. as part of the diversified security basket largely tailored around the AWMPL's client.

Provision of liquidity against securities is a key component of any sophisticated LAS setup and this offering meets the requirement for the Avendus group. Lending is being done to meet following key requirements of clients:

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

Considering the diverse requirement of the prospective borrowers with sophisticated investments, present LAS platform is created to cater to this requirement with acceptance of multiple security types. 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.

AFPL has set up a dedicated team with technical know how to manage the lending. It has also setup the automated margin monitoring system and detailed process for portfolio review. AFPL follows a detailed diligence and approval process aided by deep knowledge of the clients due to pre-existing relationship with Avendus Group.

This business registered growth in last 18 months with high future growth potential. The exposures under Wealth Lending Business are governed by a Board approved Credit Policy.

3) Depository Participant

AFPL has Depository Participant license with the Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL) where it provides depository services to its clients. The SEBI Registration number is IN-DP-375-2018. The depository license with CDSL was activated on August 02, 2018, whereas the depository license with NSDL has been activated w.e.f January 06, 2021. The key depository services provided to clients includes opening of Demat account, Demat holdings & transactions information, Dematerialization / Rematerialization of Securities, Securities transfer – Off market & On Market, Securities – Pledge & Unpledge, etc.

Performance Highlights for FY 22

Sustainable Book Growth in a Challenging Macro Environment

The Asset Under Management grew to INR 12,427 Million in March 22 from INR 11,787 Million in March 21. The LAS portfolio closed at INR 2,634 Million in March 22 from INR 1,415 Million in March 21.

FY22 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 ~INR 6,000 Million in its Structured Finance business across 15 independent transactions. This validates the core philosophy of building a diversified book. Cumulatively, disbursements since inception have crossed INR 32,000 Million as the focus stays on financing high quality mid to large 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 15,000 Million have been received. This is in addition to the normal scheduled repayments, resulting in the loan book closing at INR 12,427 Million.

Given below is the GICS sector wise classification of the AUM as on March 31, 2022:

Sector	INR Mns	%
Financial Institutions	1,701	13%
Non Banking Financial Company	1,400	11%
Construction materials	1,400	11%
IT Services	843	7%
Media	717	6%
Health Care Providers & Services	546	4%
Diversified Consumer Services	614	5%
Chemicals	687	5%

Commercial Services & Supplies	570	4%
Construction & Engineering	550	4%
Real Estate Development	496	4%
Automobiles	400	3%
Hotels Restaurants & Leisure	143	1%
LAS	2,634	21%
Grand Total	12,701	100%
Less: -Ind AS Impacts	(274)	-
Net Total	12,427	

* Excluding IND AS Impact

AFPL recorded a total income of INR 1,992 Million in FY 22 compared to a total income of INR 1,665 Million in FY 21. The PBT before provisioning for the year was INR 778 Million & after provisioning was INR 344 Million in FY 22. The Earnings per Share for the year was INR 0.05

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 management across all buckets.
- Incremental long-term funding 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 2022, AFPL continued to strengthen its relationships with some of the best banks in the market. In FY 22, have raised INR 5,655 Million across banks, NBFCs, AIFs, reputed corporates, family offices & retail investors during the Financial Year.

In addition to these multiple sanctions, it is to be noted that AFPL has been on a robust liquidity position of INR 4,297 Million as on March 22 with average liquidity throughout FY 22 at ~INR 2,895 Million.

The AFPL management has been prudent on the liquidity front, ensuring that there is a cumulative positive mismatch across all ALM buckets as on 31st March 2022,

As of 31st March 2022, the company's debt to equity ratio is 1.35. The company's Capital adequacy ratio is well above the minimum requirement of 15% from the RBI.

Ratio	31/03/2022	31/03/2021
CRAR (%)	41.89%	51.62%
CRAR - Tier I Capital (%)	40.64%	47.34%
CRAR - Tier II Capital (%)	1.25%	4.28%

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.

Rating Agency	Rating	Nature of Securities
CRISIL Rating Limited	CRISIL A+/Stable	Non-Convertible Debentures and Long Term Bank Loan Rating
CRISIL Rating Limited	CRISIL PP-MLD A+r/Stable	Long Term Principal Protected Market Linked Debentures
CRISIL Rating Limited	CRISIL A1+/Stable	Commercial Paper
Acuité Ratings & Research Limited	ACUITE AA-/ Stable	Long Term Bank Loan Rating
CARE Ratings Limited	CARE A1+ /Stable	Commercial Paper

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 2022, CRAR of AFPL was 41.89%. 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, 2022. 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. 4,297 Million as on 31st March 2022 in the form of FDs or liquid NCDs/ MFs which can be liquidated in case of any unanticipated business needs.

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. As on March 2022, approximately 80% 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 strong security cover. 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 five years i.e. FY 2017 - FY 2022.

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 benefit 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 some of the cases which helps protect 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.

Independent Risk and Portfolio management Team

To ensure highest standards of risk management, the Risk and Portfolio management 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 disbursements 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 has been updated making it more detailed, meticulous, and robust in nature which aids to enhance the overall control mechanism. The team has presented a macro-economic assessment framework to assess the impact of the changing global economic conditions on the portfolio. The team 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.

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 appropriate parameters to monitor the movement in value of security that is offered as collateral for our loans. A risk management 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. 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.

As on March 31, 2022, AFPL had a total headcount of 29 under its payroll.

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

Date: May 24, 2022
Place: Mumbai

Kaushal Kumar Aggarwal
Managing Director & CEO
DIN:00153487

Nitin Singh
Director
DIN: 06904459

CEO / CFO CERTIFICATE

Date: May 24, 2022

All Board Members
Avendus Finance Private Limited
The IL & FS Financial Centre,
6th Floor, C and D Quadrant,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400051

Sub: Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Kaushal Kumar Aggarwal, Managing Director & CEO and Sameer Kamath, Chief Financial Officer of the Company hereby certify and confirm the following:

- a. We have reviewed Audited Annual Accounts and cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the aforesaid period which are fraudulent, illegal, or violative of the Company's code of conduct;
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee: Not Applicable ¹
 1. significant changes in internal control over financial reporting during the aforesaid period;

¹ Not applicable as there are no such instances

2. significant changes in accounting policies during the aforesaid period and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking You,

Yours faithfully

For Aventus Finance Private Limited



Kaushal Kumar Aggarwal
Managing Director & CEO



Sameer Kamath
Chief Financial Officer

Independent Auditor's Report

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

Opinion

1. We have audited the accompanying financial statements of Avendus Finance Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').
2. 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 ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

4. 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.

Key Audit Matter (Continued)

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers (Refer Note 1.1 (C) (II) for significant accounting policies and Note 32.1 for credit quality of assets disclosures)	
<p>As at 31 March 2022, the Company has reported gross loan assets of ₹ 125,703.92 lakhs against which an impairment loss of ₹9,585.14 lakhs has been recorded. The Company recognized impairment provision for loan assets based on the Expected Credit Loss ("ECL") approach laid down under 'Ind AS 109 – Financial Instruments'.</p> <p>The estimation of ECL on financial instruments involves significant management judgement and estimates and the use of different techniques and assumptions which could have a material impact on reported profits. Significant management judgement and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> ➤ ensuring completeness and accuracy of the data used ➤ determining the criteria for a significant increase in credit risk ➤ factoring in future economic assumptions ➤ techniques used to determine probability of default, loss given default and exposure at default. <p>During the previous and current years, RBI announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') dated on 6 August 2020 and 4 June 2021, which have been collectively considered by</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the techniques adopted by the Company including the key inputs and assumptions; • Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109; • Understanding management's updated processes and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 Regulatory Package. • Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording, monitoring of the impairment loss recognized and staging of assets. Also evaluated the controls over the validation of data and related approvals. • Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard considering the impact of COVID-19 on account of moratorium and restructuring benefit extended by the Company and the basis for classification of various exposures into various stages. Further, assessed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement

<p>the management in identification, classification and provisioning of loan assets for impairment.</p> <p>On the basis of an estimate made by the management, an overlay to the tune of Rs 3,299 lakhs has been recognized by the Company as at 31 March 2022 on account of increase in default risk, due to the impact of COVID-19 and other factors, on recoverability of loans of the Company. The basis of estimates and assumptions involved in arriving at the overlay are monitored by the Company periodically and significantly depend on future developments in the economy including expected impairment losses.</p> <p>Disclosure</p> <p>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL computation. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions is also an area of focus. Considering the significance of the above matter to the overall financial statements, additional complexities involved on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter.</p>	<p>between stages, Exposure at default (EAD), probability of default (PD) and loss given default (LGD);</p> <ul style="list-style-type: none"> • Verified that the Company's approved policy in relation to moratorium and restructuring is in accordance with the RBI requirements. Evaluated that the restructuring was approved and implemented in accordance with such policy, and the provisions created on such restructured loan assets were in accordance with the Company's policy. • Performed test of details over calculations of ECL, in relation to the completeness and accuracy of data. • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. <p>Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 32.1 "Credit quality of assets" and ECL disclosed in the accompanying financial statements including disclosure of key judgements and assumptions involved, in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.</p>
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Information other than the Financial Statements and Auditor's Report thereon

6. The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

7. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. 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 Standards on Auditing 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.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act 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;

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to the financial statements in place and the operating effectiveness of such controls based on our audit;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors;
 - Conclude on the appropriateness of Board of Directors and 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; and
 - Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.
12. 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.
13. 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.
14. 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.

Other Matter

15. The financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor, Deloitte Haskins & Sells LLP, Chartered Accountants, who have expressed an unmodified opinion on those financial statements vide their audit report dated 24 May 2021.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
18. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with 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 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
 - g) 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 31 March 2022;
 - ii. The Company did not have any material foreseeable losses, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;

Report on Other Legal and Regulatory Requirements (*Continued*)

- iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared any dividend during the year ended 31 March 2022. Accordingly, the provision of section 123 of the Act is not applicable.

For **M M Nissim & Co LLP**
Chartered Accountants
Firm's Registration No: 107122W/W100672

Sanjay Khemani
Partner
Membership No. 044577
UDIN: 22044577AJMCKO8379

Mumbai
24 May 2022

Annexure I referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment including quantitative details and situation of these assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.
- b. The property, plant and equipment 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.
- c. The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.
- d. The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- e. According to information and explanations given to us and as verified by us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- ii. a. The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- b. The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks and financial institutions based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and as per the information and explanations given to us and as verified by us, such returns/statements are materially in agreement with the books of account of the Company for the respective periods, which were not subject to audit.
- iii. a. The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- b. The investments made and terms and conditions of the grant of all loans and advances in the nature of loans are not, prima facie, prejudicial to the Company's interest. Company has not provided any guarantee and also not given security to any party.

Annexure I to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2022

- c. The Company is a Non-Banking Financial Company ('NBFC'), registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular as at the balance sheet date.
- d. According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e. The Company is a Non-Banking Finance Company, and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- f. According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and Section 186 of the Companies Act, 2013 in respect of loans, investment, guarantees and securities as applicable.
- v. The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being an non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- vii. a. Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities during the year. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

Annexure I to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2022

- b. There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022.
- viii. According to the information and explanations given to us and as verified by us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- ix.
 - a. According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
 - b. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
 - c. In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.
 - d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
 - e. The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
 - f. The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.
- x.
 - a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
 - b. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures. Accordingly, Clause 3(x)(b) of the order is not applicable.
- xi.
 - a. According to the information and explanations given to us and as verified by us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
 - b. According to the information and explanations given to us and as verified by us, no report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

Annexure I to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2022

- c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- xiv. a. In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- b. We have considered the reports issued by the Internal Auditors till 31 December 2021 which was available till the date of our audit.
- xv. According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- xvi. a. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- b. During the year, the Company has not conducted any Non Banking Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. Further, Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.
- c. According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- d. Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has no CICs which are registered with the Reserve Bank of India.
- xvii. The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

Annexure I to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2022

- xviii. There has been resignation of the statutory auditors during the year in view of their ineligibility to continue as Statutory Auditors of the Company, upon the completion of the stipulated tenure as per the said RBI Guidelines and based on the information and explanations given to us by the management and the response to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx. Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- xxi. The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For M M Nissim & Co LLP

Chartered Accountants

Firm's Registration No: 107122W/W100672

Sanjay Khemani

Partner

Membership No. 044577

UDIN: 22044577AJMCKO8379

Mumbai

24 May 2022

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

(Referred to in paragraph 18 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In conjunction with our audit of the financial statements of Avendus Finance Private Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Annexure II to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2022

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements (*Continued*)

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Annexure II to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2022

Opinion

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

For M M Nissim & Co LLP

Chartered Accountants

Firm's Registration No: 107122W/W100672

Sanjay Khemani

Partner

Membership No. 044577

UDIN: 22044577AJMCKO8379

Mumbai

24 May 2022

AVENDUS FINANCE PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2022

(INR in lakh)

Assets		Note No.	As at March 31, 2022	As at March 31, 2021
(1) Financial Assets				
(a) Cash and cash equivalents	2		478.06	2,047.23
(b) Bank Balance other than (a) above	3		4,134.26	6,614.19
(c) Derivative financial asset	4		226.56	-
(d) Receivables				
(i) Trade Receivables	5		28.11	17.88
(e) Loans	6		1,24,271.63	1,17,866.07
(f) Investments	7		38,461.61	17,188.40
(g) Other Financial assets	8		116.78	15.60
(2) Non-Financial Assets				
(a) Current tax assets (net)	9 (a)		149.97	172.90
(b) Deferred Tax Assets (net)	10		3,282.56	2,220.48
(c) Property, Plant and Equipment	11		16.06	22.22
(d) Intangible assets under development	12		16.50	-
(e) Other non-financial assets	13		262.28	171.32
Total Assets			1,71,444.38	1,46,336.29
Liabilities and Equity		Note No.	As at March 31, 2022	As at March 31, 2021
Liabilities				
(1) Financial Liabilities				
(a) Derivative financial liability	4		225.70	-
(b) Payables	14			
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			1,014.78	692.44
(c) Debt securities	15		68,932.27	52,391.41
(d) Borrowings (Other than Debt Securities)	16		28,566.37	23,060.15
(e) Other financial liabilities	17		240.09	559.83
(2) Non-Financial Liabilities				
(a) Current tax liabilities (net)	9 (b)		179.97	-
(b) Provisions	18		200.84	58.64
(c) Other non-financial liabilities	19		70.77	62.25
Total Liabilities (A)			99,430.79	76,824.74
(3) Equity				
(a) Equity share capital	20		49,756.33	49,756.33
(b) Other equity	21		22,257.26	19,755.22
Total Equity (B)			72,013.59	69,511.55
Total Liabilities and Equity (A+B)			1,71,444.38	1,46,336.29
See accompanying notes forming part of the financial statements		1-56		

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
Firm's Registration No. : 107122W/W100672

For and on behalf of the Board of Directors
Avendus Finance Private Limited

Sanjay Khemani
Partner
Membership No : 044577
Place : Mumbai

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

Nitin Singh
Director
(DIN : 06904459)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2022

Date : May 24, 2022

AVENDUS FINANCE PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2022

(INR in lakh)

	Particulars	Note No.	Year ended March 31, 2022	Year Ended March 31, 2021
	Revenue from operations			
(i)	Interest Income	22	18,565.65	15,566.07
(ii)	Fees and commission Income	23	20.63	30.35
(iii)	Net gain on fair value changes	24	1,333.09	1,049.88
(I)	Total Revenue from operations		19,919.37	16,646.30
(II)	Other Income	25	363.35	194.60
(III)	Total Income (I+II)		20,282.72	16,840.90
	Expenses			
(i)	Finance Cost	26	8,245.64	6,535.95
(ii)	Impairment on financial instruments	27	4,338.35	4,482.21
(iii)	Employee Benefits Expense	28	2,699.11	1,714.43
(iv)	Depreciation, amortization and impairment	11	13.98	15.57
(v)	Other expenses	29	1,547.89	1,420.08
(IV)	Total Expenses		16,844.97	14,168.24
(V)	Profit before tax (III-IV)		3,437.75	2,672.66
(VI)	Tax Expense:			
(1)	Current Tax	30	1,997.08	2,450.00
(2)	Deferred Tax	30	(1,064.50)	(1,793.25)
	Total Tax Expense		932.58	656.75
(VII)	Net profit after tax (V-VI)		2,505.17	2,015.91
(VIII)	Other Comprehensive Income			
(i)	Items that will not be reclassified subsequently to profit or loss			
(a)	Remeasurements of defined benefit plan;		9.60	18.91
(b)	Income tax relating to remeasurements of defined benefit plan			
(ii)	Items that will be reclassified subsequently to profit or loss		(2.42)	(4.76)
	Other Comprehensive Income		7.18	14.15
(IX)	Total Comprehensive Income for the year (VII+VIII)		2,512.35	2,030.06
(X)	Earnings per equity share			
	Basic (Rs)	31	0.05	0.04
	Diluted (Rs.)	31	0.05	0.04
	See accompanying notes forming part of the financial statements	1-56		

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
Firm's Registration No. : 107122W/W100672

For and on behalf of the Board of Directors
Avendus Finance Private Limited

Sanjay Khemani
Partner
Membership No : 044577
Place : Mumbai

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

Nitin Singh
Director
(DIN : 06904459)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2022

Date : May 24, 2022

AVENDUS FINANCE PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(INR in lakh)

	Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A	CASH FLOW FROM OPERATING ACTIVITIES :		
	Profit before tax	3,437.75	2,672.66
	Add / (Less) : Adjustments for		
	Depreciation	13.98	15.57
	Fair Value of debt securities and preference shares	9.55	(2.61)
	Interest income on fixed deposit	(345.12)	(145.90)
	Impairment losses on financial instruments	4,338.35	4,482.21
	Gain on sale of mutual funds	(613.46)	(661.44)
	Fair value of loans	(100.53)	34.20
	Fair value of mutual funds	(76.92)	(33.28)
	Fair value of Derivatives	(41.70)	-
	Interest Expenses	8,245.64	6,535.95
	Interest Income	(18,565.65)	(15,566.07)
	Share based payment	(10.31)	(545.80)
	Interest received	15,924.23	13,964.77
	Interest paid	(6,889.02)	(3,838.96)
	Operating Profit before Working Capital Changes	5,326.79	6,911.30
	Changes in Working Capital :		
	Adjustment for (increase)/decrease in operating assets:		
	Receivables	(10.23)	32.29
	Investments	-	(0.01)
	Loans	(8,106.07)	(12,075.18)
	Other Financial assets	(101.18)	13.92
	Other non-financial assets	(94.02)	(78.67)
		(8,311.50)	(12,107.65)
	Adjustment for increase/ (decrease) in operating liabilities:		
	Payables	322.34	66.42
	Provisions	151.80	14.88
	Other financial liabilities	(319.74)	(669.18)
	Other non-financial liabilities	8.52	(206.33)
		162.92	(794.21)
	Net Changes in Working Capital	(8,148.58)	(12,901.86)
	Cash flow from Operations	(2,821.79)	(5,990.56)
	Income Tax Paid (Net)	(1,795.06)	(2,924.59)
	Net Cash (used in) Operating Activities (A)	(4,616.85)	(8,915.15)
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Investments (net)	(20,488.27)	(10,413.40)
	Redemption / (Placement) from Fixed Deposits	2,825.05	(5,468.15)
	Purchase of Fixed Assets	(21.26)	(6.67)
	Net Cash from/ (used in) Investing Activities (B)	(17,684.48)	(15,888.22)

C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Borrowings and Debt Securities	54,050.00	43,687.58
	Repayment of Borrowings and Debt Securities	(33,133.07)	(28,700.68)
	Payment on account of Option purchased for ELD	(184.77)	-
	Net Cash generated from Financing Activities (C)	20,732.16	14,986.90
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,569.17)	(9,816.47)
	Cash and cash equivalents as at the beginning of the year	2,047.23	11,863.70
	Cash and cash equivalents as at the end of the year	478.06	2,047.23
	Cash and Cash Equivalents consist of :-		
	- Balance in Current Accounts (Refer note 2)	478.06	2,047.23
		478.06	2,047.23

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

(INR in lakh)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Opening Balance	75,451.56	57,767.67
Borrowings and Debt Securities received during the year	54,050.00	43,687.58
Amortisation of Interest and other charges on Borrowings and Debt Securities	1,314.92	2,696.99
Repayment of Borrowings and Debt Securities during the year	(33,133.07)	(28,700.68)
Payment on account of Option purchased for ELD	(184.77)	-
Closing Balance	97,498.64	75,451.56

See accompanying notes forming part of the financial statements

1-56

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
Firm's Registration No. : 107122W/W100672

For and on behalf of the Board of Directors
Aventus Finance Private Limited

Sanjay Khemani
Partner
Membership No : 044577
Place : Mumbai

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

Nitin Singh
Director
(DIN : 06904459)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2022

Date : May 24, 2022

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Statement of Changes in Equity for the year ended March 31, 2022

I Equity Share Capital (INR in lakh)

Particulars	Amount
Balance at April 1, 2020	49,756.33
Changes in equity share capital during the year	-
Balance at March 31, 2021	49,756.33
Changes in equity share capital during the year	-
Balance at March 31, 2022	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, 2020	2,453.28	5,137.71	5.28	9,898.49	6.41	769.80	18,270.97
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
Restated 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
Balance as at March 31, 2021	2,856.57	5,137.71	5.28	11,511.11	20.56	223.99	19,755.22
Balance as on April 1, 2021	2,856.57	5,137.71	5.28	11,511.11	20.56	223.99	19,755.22
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
Restated balance as at April 1, 2021	2,856.57	5,137.71	5.28	11,511.11	20.56	223.99	19,755.22
Transfer to/from retained earnings	501.04	-	-	(501.04)	-	-	-
Share based payment	-	-	-	-	-	(10.31)	(10.31)
Profit for the year	-	-	-	2,505.17	-	-	2,505.17
Other Comprehensive Income for the year	-	-	-	-	7.18	-	7.18
Balance as at March 31, 2022	3,357.61	5,137.71	5.28	13,515.24	27.74	213.68	22,257.26

See accompanying notes forming part of the financial statements

1-56

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
Firm's Registration No. : 107122W/W100672

For and on behalf of the Board of Directors
Aventus Finance Private Limited

Sanjay Khemani
Partner
Membership No : 044577
Place : Mumbai

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

Nitin Singh
Director
(DIN : 06904459)
Place : Mumbai

Sameer Kamath
Chief Financial Officer
Place : Mumbai
Date : May 24, 2022

Radhika Parmanandka
Company Secretary
Place : Mumbai

Date : May 24, 2022

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 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, 2022.

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.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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, attrition rate 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.

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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 behavioral 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 behavior 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.

vi. Useful life of PPE and Intangibles

Depreciation 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 in order to reflect the actual usage of the assets.

vii. 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.

viii. Contingencies

The 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.

ix. Provision for Tax

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.

1.2 Standard issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. The following amendments to standards have been issued and will be effective from April 01, 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date. Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.

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- Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities.
- Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.
- Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts.

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.

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iii. Depreciation

Depreciation 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
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 rate calculation.

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 services 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 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 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 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.

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- 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 rate 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 net carrying amount 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 and is amortised on EIR basis over the life of the loan

D. Finance Costs

Finance costs on borrowings 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 rate 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.

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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 as employee benefit expenses.

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 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.

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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 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

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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

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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 rate (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.

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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').

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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.

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

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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.

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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.

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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.

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Q. 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, 2022

Note 2. Cash and cash equivalents

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks (of the nature of cash and cash equivalents); - In Current Accounts	478.06	2,047.23
Total	478.06	2,047.23

Note 3. Bank Balance other than (a) above

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
In Deposit Accounts*	4,134.26	6,614.19
Total	4,134.26	6,614.19

*Out of the above, Fixed deposits amounting to Rs. 538.27 lakh are marked under lien.

Note 4. Derivative financial assets

The Company primarily uses derivative financial instruments for borrowing risk management for equity linked debentures where the interest payout is linked to NIFTY 50. Gains and losses of derivative financial instruments, not designated as hedging instruments, are recorded in "Net gain on fair value changes" in the income statement.

(i) The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(INR in lakh)

Particulars	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
As at March 31, 2022			
Equity linked debentures	1,300.00	-	225.70
NIFTY 50 Option	184.77	226.56	-
As at March 31, 2021			
Equity linked debentures	-	-	-
NIFTY 50 Option	-	-	-

(ii) The Carrying amounts of the equity linked debentures and the derivative financial instruments are presented below:

(INR in lakh)

Particulars	Maturity Value of the borrowing	Carrying Value of the borrowing	Unamortised portion of the borrowing	Interest expense recognised
As at March 31, 2022				
Equity linked debentures	1,300.00	1,140.40	159.60	86.80
As at March 31, 2022				
Equity linked debentures	-	-	-	-

(iii) The fair values of the derivatives outstanding were as follows:

(INR in lakh)

Derivatives not designated as hedging instruments	Originated value of derivative assets/liabilities	Fair value assets/liabilities	Gain recognised in Profit and loss	Gain recognised in Other comprehensive Income
As at March 31, 2022				
Value of option contract assets	184.77	226.56	41.79	-
Value of derivative portion of equity linked debentures	225.61	225.70	0.09	-
Total gains/losses recognised in income	(40.84)	0.86	41.70	-
As at March 31, 2021				
Value of option contract assets	-	-	-	-
Value of derivative portion of equity linked debentures	-	-	-	-
Total gains/losses recognised in income	-	-	-	-

Note 5. Receivables

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables		
(a) Considered good -Unsecured	28.11	17.88
Less: Allowance for impairment loss	-	-
(b) Credit Impaired	6.31	6.31
Less: Allowance for impairment loss	(6.31)	(6.31)
Total	28.11	17.88

Trade Receivables ageing schedule

Particulars	Outstanding for following periods					
As at March 31, 2022	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
(a) Undisputed Trade Receivables- Considered Good	23.20	-	0.22	-	-	23.42
(b) Undisputed Trade Receivables - credit impaired	-	-	-	6.54	-	6.54
(c) Less: Allowance for impairment loss	-	-	-	(6.31)	-	(6.31)
Total	23.20	-	0.22	0.23	-	23.65
As at March 31, 2021						
(a) Undisputed Trade Receivables- Considered Good	17.65	-	-	-	-	17.65
(b) Undisputed Trade Receivables - credit impaired	-	-	6.54	-	-	6.54
(c) Less: Allowance for impairment loss	-	-	(6.31)	-	-	(6.31)
Total	17.65	-	0.23	-	-	17.88

Note 6. Loans

(INR in lakh)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	At Fair Value through profit and loss account	Total	Amortised cost	At Fair Value through profit and loss account	Total
	1	2	(3=1+2)	1	2	(3=1+2)
Term Loans	1,25,703.92	8,152.85	1,33,856.77	1,08,201.07	15,684.88	1,23,885.95
Total (A) Gross	1,25,703.92	8,152.85	1,33,856.77	1,08,201.07	15,684.88	1,23,885.95
Less : Impairment loss allowance	(9,585.14)	-	(9,585.14)	(6,019.88)	-	(6,019.88)
Total (A) Net	1,16,118.78	8,152.85	1,24,271.63	1,02,181.19	15,684.88	1,17,866.07
(i) Secured by tangible assets	4,064.78	-	4,064.78	7,777.12	-	7,777.12
(ii) Covered by Bank Guarantee	-	-	-	-	-	-
(iii) Other including securities	1,20,378.99	8,152.85	1,28,531.84	1,00,423.95	15,684.88	1,16,108.83
(iv) Unsecured **	1,260.15	-	1,260.15	-	-	-
Total (B) Gross	1,25,703.92	8,152.85	1,33,856.77	1,08,201.07	15,684.88	1,23,885.95
Less : Impairment loss allowance	(9,585.14)	-	(9,585.14)	(6,019.88)	-	(6,019.88)
Total (B) Net	1,16,118.78	8,152.85	1,24,271.63	1,02,181.19	15,684.88	1,17,866.07
Loans In India						
(i) Public Sectors	-	-	-	-	-	-
(ii) Others	1,25,703.92	8,152.85	1,33,856.77	1,08,201.07	15,684.88	1,23,885.95
Total (C) Gross	1,25,703.92	8,152.85	1,33,856.77	1,08,201.07	15,684.88	1,23,885.95
Less : Impairment loss allowance	(9,585.14)	-	(9,585.14)	(6,019.88)	-	(6,019.88)
Total (C) Net	1,16,118.78	8,152.85	1,24,271.63	1,02,181.19	15,684.88	1,17,866.07

** Unsecured portion includes the secured portfolio where documents were under execution as on balance sheet date.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 7. Investments

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Investments - Fair Value Through profit and loss account		
- Mutual fund units	38,360.91	17,182.26
- Equity	0.01	0.01
- Preference Shares	100.69	6.13
Total - Gross (A)	38,461.61	17,188.40
(i) Investments outside India	-	-
(ii) Investments in India	38,461.61	17,188.40
Total - Gross (B)	38,461.61	17,188.40

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 8. Other Financial Assets

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits		
To Others	25.60	15.60
Receivable from related party	70.95	-
Margin Money	20.23	-
Total	116.78	15.60

Note 9 (a). Current tax assets (net)

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax assets		
- Advance Income Tax	8,021.88	6,857.90
Current tax liabilities		
- Income tax payable	7,871.91	6,685.00
Net tax assets	149.97	172.90

Note 9 (b). Current tax liabilities (net)

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax liabilities		
- Income tax payable	1,997.08	-
Current tax assets		
- Advance Income Tax	1,817.11	-
Net tax liabilities	179.97	-

Note 10. Deferred tax balances

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	3,282.56	2,220.48
Net Deferred Tax Assets	3,282.56	2,220.48

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022
Note 11. Property, Plant and Equipment
(INR in lakh)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Office Equipments	Computers	Total	Office Equipments	Computers	Total
Gross Block (Deemed Cost)						
As at the beginning of the year	23.12	39.56	62.68	24.53	34.21	58.74
Additions	-	7.82	7.82	0.30	5.35	5.65
Disposals	-	-	-	(1.71)	-	(1.71)
As at the end of the year (A)	23.12	47.38	70.50	23.12	39.56	62.68
Accumulated Depreciation						
As at the beginning of the year	11.42	29.04	40.46	6.84	19.07	25.91
Depreciation for the year	4.32	9.66	13.98	5.60	9.97	15.57
Disposals	-	-	-	(1.02)	-	(1.02)
As at the end of the year (B)	15.74	38.70	54.44	11.42	29.04	40.46
Net carrying amount as at the end of the year (A-B)	7.38	8.68	16.06	11.70	10.52	22.22

Note 12. Intangible assets under development
(INR in lakh)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
As on March 31, 2022					
Projects in progress	16.50	-	-	-	16.50
Projects temporarily suspended	-	-	-	-	-
As on March 31, 2021					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31,
2022

Note 13. Other Non-financial Assets

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	-	3.06
Advance to Vendors	0.09	-
Balances with Government authorities	248.90	144.79
Prepaid expenses	13.29	23.47
Total	262.28	171.32

Note 14. Payables

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note No. 47)	-	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,014.78	692.44
Total	1,014.78	692.46

Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment				
As at March 31, 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(a) total outstanding dues of micro enterprises and small enterprises (Refer note no. 47)	-	-	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,010.17	1.06	3.55	-	1,014.78
Total	1,010.17	1.06	3.55	-	1,014.78
As at March 31, 2021					
(a) total outstanding dues of micro enterprises and small enterprises (Refer note no. 47)	0.02	-	-	-	0.02
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	688.89	3.55	-	-	692.44
Total	688.91	3.55	-	-	692.46

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 15. Debt Securities

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Debt Securities	68,932.27	49,920.16
Commercial Papers	-	2,471.25
Total (A)	68,932.27	52,391.41
Debt securities in India	68,932.27	52,391.41
Debt securities outside India	-	-
Total (B)	68,932.27	52,391.41

Particulars and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021
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 6 February 2024.	9.10% p.a.	At Maturity	16,696.45	-
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 10 April 2024.	9.10% p.a.	At Maturity	3,594.82	-
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 4 October 2023.	8.40% p.a.	At Maturity	15,062.70	-
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 30 June 2023.	Equity Linked Debentures	At Maturity	1,140.40	-
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

Particulars and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021
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	11,451.75	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	7,439.67	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 specific charge on charged deposit aggregating to 10% of the total outstanding amount and are redeemable on 12 February 2024.	9.35% p.a.	At Maturity	5,549.48	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	3,728.60	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	2,691.24	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	1,577.16	1,579.19

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 16. Borrowings (other than Debt Securities)

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Secured		
Term loans		
(i) from banks	23,022.65	20,046.64
(ii) from other parties	5,543.72	3,013.51
Total (A)	28,566.37	23,060.15
Borrowings in India	28,566.37	23,060.15
Borrowings outside India	-	-
Total (B)	28,566.37	23,060.15

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021
(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 installments after moratorium period of 15 months	135.30	1,969.80
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 installments	1,554.69	2,823.67
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 the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 16 equal quarterly installments after moratorium period of 12 months	1,093.75	1,717.14
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 the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 9 equal quarterly installments after moratorium period of 12 months	2,220.61	2,500.00

Note 16. Borrowings (other than Debt Securities) (continued)

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021
Term Loan from Dhanlaxmi 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 10 equal quarterly installments after moratorium period of 6 months	1,996.46	-
Term Loan from Axis 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 installments	2,244.29	-
Term Loan from Indian 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 8 equal quarterly installments after moratorium period of 12 months	2,980.61	-
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 the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 12 equal quarterly installments	1,659.56	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 the 1.20 times book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 12 equal quarterly installments after moratorium period of 12 months	833.33	2,500.00
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 the 1.25 times book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 15 equal quarterly installments after moratorium period of 15 months	1,333.12	2,666.41
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 the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 14 equal quarterly installments after moratorium period of 6 months	4,000.00	-

Note 16. Borrowings (other than Debt Securities) (continued)

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021
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 the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 10 equal quarterly installments after moratorium period of 18 months	400.00	2,000.00
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 the 1.20 times book debts / loan receivable of the Company.	Repo rate of 1 year TBILL + spread	To be repaid in 36 equal monthly installments	2,355.38	-
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 the 1.10 times book debts / loan receivable of the Company.	Interest of 1 year TBILL + spread	To be repaid in 12 equal quarterly installments	215.55	1384.79
(ii) From Others				
Term Loan from Bajaj Finance Limited is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year HDFC Bank MCLR + Spread	To be repaid in 36 equal monthly installments	1,873.61	-
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 the 1.20 times book debts / loan receivable of the Company.	Interest of Tata's LTLR - Spread	To be repaid in 12 equal quarterly installments after moratorium period of 12 months	1,996.72	-
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 the 1.20 times book debts / loan receivable of the Company.	Interest of Tata's LTLR - Spread	To be repaid in 12 equal quarterly installments after moratorium period of 12 months	1,673.39	3,013.51

- Interest rate of the term loans ranges from 7.90% to 9.60%

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022
Note 17. Other Financial Liabilities
(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
- Payable to Related Parties	240.09	559.83
Total	240.09	559.83

Note 18. Provisions
(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
- Gratuity (Refer Note no. 34)	186.96	48.05
- Compensated absence	13.88	10.59
Total	200.84	58.64

Note 19. Other Non Financial Liabilities
(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Revenue received in advance;	-	14.16
(b) Others		
- Statutory remittances (includes Provident Fund, Professional Tax, Tax Deducted at Source)	70.77	48.09
Total	70.77	62.25

Note 20. Share Capital

(INR in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	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, 2022		Year Ended March 31, 2021	
	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, 2022		As at March 31, 2021	
	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) Details of Shares held by Promoters

Name of Promoter	As at March 31, 2022		As at March 31, 2021	
	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%

(e) There are no shares in the preceding 5 years allotted as fully paid up without payment being received in cash/ bonus shares. Further there are no share being bought back in preceding 5 years.

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

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022
Note 21. Other Equity
(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Contribution from Holding Company		
Opening Balance	223.99	769.80
Additions	(10.31)	(545.81)
Closing	213.68	223.99
Statutory Reserve		
Opening Balance	2,856.57	2,453.28
Transfer from retained earnings	501.04	403.29
Closing	3,357.61	2,856.57
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	11,511.11	9,898.49
Profit for the year	2,505.17	2,015.91
Transfer to Statutory reserve	(501.04)	(403.29)
Closing	13,515.24	11,511.11
Other comprehensive income - Defined Benefit Plan		
Opening Balance	20.56	6.41
Movement during the year	9.60	18.91
Income Tax on above	(2.42)	(4.76)
Closing	27.74	20.56
	22,257.26	19,755.22

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.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 22. Interest income

(INR in lakhs)

Particulars	Year ended March 31, 2022				Year Ended March 31, 2021			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total
Interest on Loans	-	17,173.91	1,296.56	18,470.47	-	13,488.96	2,014.75	15,503.71
Interest income from investments	-	-	95.18	95.18	-	-	62.36	62.36
Total	-	17,173.91	1,391.74	18,565.65	-	13,488.96	2,077.11	15,566.07

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 23. Net gain on fair value changes

(INR in lakhs)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
Net gain/ (loss) on financial instruments at fair value through profit and loss account :-		
a) On trading portfolio		
- Investments in mutual funds	690.38	694.72
- Investments in bonds and preference shares	500.48	389.36
b) On Derivatives	41.70	-
c) On Lending Portfolios	100.53	(34.20)
Net gain/(loss) on fair value changes	1,333.09	1,049.88
Fair Value changes:		
-Unrealised	209.60	(0.92)
-Realised	1,123.49	1,050.80

Note 24. Other income

(INR in lakhs)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
Interest on deposits with Banks	345.12	145.90
Other interest income	-	22.68
Miscellaneous Income	18.23	26.02
Total	363.35	194.60

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 25. Finance cost

(INR in lakh)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
At Amortised Cost		
Interest on borrowings	2,299.27	2,719.00
Interest on debt securities	5,946.07	3,816.95
Interest on Others	0.30	-
Total	8,245.64	6,535.95

Note 26. Impairment losses on financial instruments

(INR in lakh)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
At Amortised Cost		
On Loans	4,338.35	4,482.21
Total	4,338.35	4,482.21

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022
Note 27. Employee benefits
(INR in lakh)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
Salaries and wages including bonus	2,523.16	2,140.53
Contribution to provident and other funds	68.84	75.31
Share Based Payments to employees	(10.31)	(545.80)
Staff welfare expenses	64.46	0.51
Others		
- Gratuity	32.02	24.19
- Compensated Absences	20.94	19.69
Total	2,699.11	1,714.43

Note 28. Other expenses
(INR in lakh)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
Rent and energy costs	122.85	114.86
Rates and Taxes	231.86	225.18
Repairs and maintenance	33.38	57.11
Communication Costs	4.87	7.42
Printing and stationery	3.62	3.55
Director's fees, allowances and expenses	25.50	28.50
Auditor's fees and expenses (Refer note i below)	19.70	16.50
Legal and Professional charges	644.03	615.59
Software Expenses	77.61	48.16
Insurance	31.42	24.39
Travelling and Conveyance	25.29	23.26
Membership fees and Subscription	106.22	51.18
Corporate Social Responsibility Expenses	147.50	125.00
Miscellaneous Expenses	74.04	79.38
Total	1,547.89	1,420.08

(i) Remuneration to Auditors (including tax wherever applicable):
(INR in lakh)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
a) For audit	10.00	10.00
b) For taxation matters	2.00	2.00
c) For others & certification	7.70	4.50
Total	19.70	16.50

(ii) Foreign Exchange Outflow
(INR in lakh)

Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
Expense in foreign currency	3.40	-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 29. Tax expense

(a) Amounts recognised in Statement of Profit and Loss

(INR in lakh)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current tax expense		
Current year	1,997.08	2,450.00
Deferred tax credit (net)		
Origination and reversal of temporary differences	(1,064.50)	(1,793.25)
Tax expense for the year	932.58	656.75

(b) Amounts recognised in other comprehensive income

(INR in lakh)

Particulars	Remeasurements of the defined benefit plans	
	Year ended 31 March 2022	Year ended 31 March 2021
Items that will not be reclassified to Statement of Profit and Loss		
Before tax	9.60	18.91
Tax (expense) benefit	(2.42)	(4.76)
Net of tax	7.18	14.15

(c) Reconciliation of effective tax rate

(INR in lakh)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Profit before tax	3,437.75	2,672.66
Company's domestic tax rate	25.17%	25.17%
Tax using the Company's statutory tax rate	865.28	672.71
Tax effect of:		
Expenses not allowed under tax	37.20	(15.73)
Income not subject to tax	-	-
Change in tax rate	-	-
Unrecognised deferred tax liability of earlier years	30.10	-
Others	-	(0.23)
Total tax expense	932.58	656.75
Tax expense as per profit and loss	932.58	656.75

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 29. Tax expense (Continued)

(d) Movement in deferred tax balances

Movement in deferred tax balances for the year ended 31 March 2022

(INR in lakh)

Particulars	Net balance 1 April 2021	Recognised in profit or loss credit/(charge)	Recognised in OCI	Net balance 31 March 2022
Deferred Tax Assets				
Difference between carrying amount and tax base of fixed assets	2.05	0.75	-	2.80
Provision for Gratuity	9.73	44.56	(2.42)	51.87
Provision for Leave encashment	(1.47)	4.96	-	3.49
Accrued interest and amortised fees on borrowings	797.89	253.37	-	1,051.26
Expected Credit Loss on loans	1,474.12	788.13	-	2,262.25
Deferred Tax Liabilities				
Fair valuation on borrowings	-	(10.50)	-	(10.50)
Fair valuation on investments	(11.59)	(17.03)	-	(28.62)
Fair valuation and amortised fees on loans	(50.25)	0.26		(49.99)
Net Deferred tax assets	2,220.48	1,064.50	(2.42)	3,282.56

Movement in deferred tax balances for the year ended 31 March 2021

Particulars	Net balance 1 April 2020	Recognised in profit or loss credit/(charge)	Recognised in OCI	Net balance 31 March 2021
Deferred Tax Assets				
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
Deferred Finance cost on borrowings	-	797.89	-	797.89
Deferred Tax Liabilities				
Fair valuation of mutual funds and debt securities	-	(11.59)	-	(11.59)
Provision for Leave encashment	0.87	(2.34)	-	(1.47)
Fair valuation and amortised fees on loans	(18.44)	(31.81)		(50.25)
Expected Credit Loss on loans	440.12	1,034.00	-	1,474.12
Net Deferred tax assets	431.99	1,793.25	(4.76)	2,220.48

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 30. Earnings per share (EPS)

Sr. No.	Particulars	Year ended March 31, 2022	Year Ended March 31, 2021
1	Profit attributable to ordinary shareholders		
	Profit for the year, attributable to ordinary shareholders (INR In lakh)	2,505.17	2,015.91
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 - Basic	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 - Diluted	4,97,56,33,325	4,97,56,33,325
4	Earning per share		
	Basic (Rs.)	0.05	0.04
	Diluted (Rs.)	0.05	0.04
5	Nominal value of shares (Rs.)	1.00	1.00

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 31

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, 2022			For the year ended March 31, 2021		
	Business segments		Total	Business segments		Total
	Lending Activities and allied activities	Treasury and Investments Activities		Lending Activities and allied activities	Treasury and Investments Activities	
1. Segment Revenue						
Income from external customers	162.86	1,190.86	1,353.72	18.83	1,229.98	1,248.81
Interest Income	18,470.47	440.30	18,910.77	15,503.71	62.36	15,566.07
Inter Segment Revenue	-	-	-	-	-	-
Unallocable Income			18.23			26.02
Total Revenue	18,633.33	1,631.16	20,282.72	15,522.54	1,292.34	16,840.90
2. Segment Expense						
Employee benefits expense	2,699.11	-	2,699.11	1,714.43	-	1,714.43
Impairment on financial instruments	4,338.35	-	4,338.35	4,482.21	-	4,482.21
Finance costs	8,245.64	-	8,245.64	6,535.95	-	6,535.95
Depreciation and amortization expense	13.98	-	13.98	15.57	-	15.57
Other expense	993.88	406.51	1,400.39	886.41	408.67	1,295.08
Unallocable Expenses			147.50			125.00
Total Expense	16,290.96	406.51	16,844.97	13,634.57	408.67	14,168.24
3. Segment Results	2,342.37	1,224.65	3,437.75	1,887.97	883.67	2,672.66
4. Tax expenses			932.58			656.75
5. Net Profit after taxes			2,505.17			2,015.91
6. Segment Assets						
Carrying amount of segment assets	1,24,789.72	42,495.17	1,67,284.89	1,17,948.30	23,802.59	1,41,750.89
Unallocated corporate assets			4,159.49			4,585.40
Total assets	1,24,789.72	42,495.17	1,71,444.38	1,17,948.30	23,802.59	1,46,336.29
7. Segment Liabilities						
Carrying amount of segment liabilities	98,974.99	205.06	99,180.05	76,411.90	364.75	76,776.65
Unallocated corporate Liabilities			250.74			48.09
Total liabilities	98,974.99	205.06	99,430.79	76,411.90	364.75	76,824.74
8. Capital expenditure	7.82	-	7.82	5.65	-	5.65
9. Depreciation and amortisation	13.98	-	13.98	15.57	-	15.57

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 revenue from any customer does not exceed 10% of the revenue of the Company.

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

Note 32

Loans / Investments at amortised cost

32.1 Credit quality of assets

(INR in lakh)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade *								
Performing grade #	1,11,675.01	8,523.65	5,505.26	1,25,703.92	96,739.99	11,461.08	-	1,08,201.07
Under-performing grade	-	-	-	-	-	-	-	-
Non-performing grade	-	-	-	-	-	-	-	-
Total	1,11,675.01	8,523.65	5,505.26	1,25,703.92	96,739.99	11,461.08	-	1,08,201.07

32.2 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, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount Opening Balance	96,739.99	11,461.08	-	1,08,201.07	92,566.67	-	-	92,566.67
New assets originated (net) ^	18,545.11	1,422.83	-	19,967.94	15,634.40	-	-	15,634.40
Assets derecognised or repaid (excluding write offs) (net)	-	(1,692.00)	-	(1,692.00)	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(3,610.09)	3,610.09	-	-	(11,461.08)	11,461.08	-	-
Transfers to Stage 3	-	(5,505.26)	5,505.26	-	-	-	-	-
Amounts written off	-	(773.09)	-	(773.09)	-	-	-	-
Gross carrying amount Closing Balance	1,11,675.01	8,523.65	5,505.26	1,25,703.92	96,739.99	11,461.08	-	1,08,201.07

^ Includes Interest accrued during the year

Reconciliation of ECL balance is given below:

(INR in lakh)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - Opening Balance	2,543.69	3,476.19	-	6,019.88	1,537.67	-	-	1,537.67
Incremental ECL on overall asset book	(121.12)	91.02	3,665.36	3,635.26	2,024.22	2,457.99	-	4,482.21
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(144.30)	144.30	-	-	(1,018.20)	1,018.20	-	-
Transfers to Stage 3	-	(1,534.99)	1,534.99	-	-	-	-	-
Amounts written back	-	(70.00)	-	(70.00)	-	-	-	-
ECL allowance - Closing Balance	2,278.27	2,106.52	5,200.35	9,585.14	2,543.69	3,476.19	-	6,019.88

***Internal rating grades are classified on below basis**

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 another two borrowers was implemented as per Resolution framework 2.0 of RBI Circular dated 5 May 2021. Consequently three out of these four borrowers have been classified as Stage 2 and one borrower has been classified as Stage 3 considering the subsequent event after the reporting date.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 33

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, 2022	Carrying Amount			Fair Value				
Particulars	Amortised Cost	FVTPL	FVOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets								
(i) Cash and cash equivalents	478.06	-	-	478.06				-
(ii) Bank Balance other than Cash and cash equivalents	4,134.26	-	-	4,134.26				-
(iii) Derivative financial asset	-	226.56	-	226.56	226.56	-	-	226.56
(iv) Receivables	28.11	-	-	28.11				-
(v) Loans	1,16,118.78	8,152.85	-	1,24,271.63	-	-	8,152.85	8,152.85
(vi) Investments	-	38,461.61	-	38,461.61	38,367.05	-	94.56	38,461.61
(vii) Others	116.78	-	-	116.78				-
	1,20,875.99	46,841.02	-	1,67,717.01	38,593.61	-	8,247.41	46,841.02

Financial liabilities

(i) Derivative financial liability	-	225.70	-	225.70	225.70			225.70
(ii) Trade Payables (other than micro enterprises and small enterprises)	1,014.78	-	-	1,014.78				-
(iii) Debt Securities	68,932.27	-	-	68,932.27				-
(iv) Borrowings (other than debt securities)	28,566.37	-	-	28,566.37				-
(v) Others	240.09	-	-	240.09				-
	98,753.51	225.70	-	98,979.21	225.70	-	-	225.70

As at March 31, 2021	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	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	1,02,181.19	15,684.88	-	1,17,866.07			15,684.88	15,684.88
(v) Investments	-	17,188.40	-	17,188.40	17,188.40			17,188.40
(vi) Others	15.60	-	-	15.60				-
	1,10,876.09	32,873.28	-	1,43,749.37	17,188.40	-	15,684.88	32,873.28

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	-	-	-	-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

The following table summarises disclosure of fair value of financial assets and liabilities measured at amortised cost:

(INR in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Debt Securities	68,932.27	68,921.36	52,391.41	52,351.83
	68,932.27	68,921.36	52,391.41	52,351.83

The Company has not disclosed fair values for cash and cash equivalents, other balances with bank, trade and other receivables, Loans, other financial assets, trade and other payables, Borrowings (other than debt securities) and other financial liabilities because their carrying amounts are a reasonable approximation of fair value.

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.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

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 'Aventus 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.

Aventus 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 Aventus 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 52.

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.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

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

Particulars	Gross carrying amount as at	
	31 March 2022	31 March 2021
Zero Overdue	-	-
Past due 1-90 days	27.66	17.65
More than 90 days	6.76	6.54
Less: Expected Credit Loss	(6.31)	(6.31)
	28.11	17.88

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

Particulars	Carrying amount as at			
	31 March 2022		31 March 2021	
	Individual	Collective	Individual	Collective
Opening Balance of Loan	1,08,201.07	-	83,292.92	9,273.75
Add :- Disbursement of Loan	58,741.34	-	57,991.34	-
Less :- Repayment of Loan	41,238.49	-	33,083.19	9,273.75
Closing Balance of Loan	1,25,703.92	-	1,08,201.07	-
Less :- Impairment	9,585.14	-	6,019.88	-
Net Loans	1,16,118.78	-	1,02,181.19	-

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

	31 March 2022	31 March 2021
Opening Balance	6,019.88	1,537.67
Add: Provisions made during the year on disbursements	4,338.35	4,482.21
Less : Write-off / write-back of excess provisions during the year	773.09	-
Closing Balance	9,585.14	6,019.88

b. Cash, cash equivalents and other bank balances

The Company held cash and cash equivalents and other bank balances of Rs. 478.06 lakh at 31 March 2022 (31 March 2021: Rs. 2,047.23 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.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

			Contractual Cashflows		
31 March 2022	Gross carrying amount	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)	1,014.78	1,014.78	1,014.78	-	-
Debt Securities	68,932.27	78,565.86	12,283.04	66,282.82	-
Borrowings (Other than debt securities)	28,566.37	32,002.50	15,192.07	16,810.43	-
Other financial liabilities	240.09	240.09	240.09	-	-
Total	98,753.51	1,11,823.23	28,729.98	83,093.25	-

			Contractual Cashflows		
31 March 2021	Gross carrying amount	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	60,574.53	24,296.33	36,278.20	-
Borrowings (Other than debt securities)	23,060.15	25,569.10	13,393.10	12,176.00	-
Other financial liabilities	559.83	559.83	559.83	-	-
Total	76,703.83	87,395.90	38,941.70	48,454.20	-

(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 2022. (31st March 2021 - 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.

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

Particulars	(INR in lakh)	
	31 March 2022	31 March 2021
Fixed rate instruments		
Financial assets	1,29,377.69	93,602.38
Financial liabilities	68,932.27	52,391.41
	60,445.42	41,210.97
Variable rate instruments		
Financial assets	4,479.08	30,283.57
Financial liabilities	28,566.37	23,060.15
	(24,087.29)	7,223.42

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 year.

Particulars	Profit or (Loss)		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
31 March 2022				
Variable rate instruments	(240.87)	240.87	(180.24)	180.24
Cash flow sensitivity	(240.87)	240.87	(180.24)	180.24
31 March 2021				
Variable rate instruments	72.23	(72.23)	54.05	(54.05)
Cash flow sensitivity	72.23	(72.23)	54.05	(54.05)

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

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.

Particulars	Loans
Opening Balance(April 1, 2020)	17,677.00
Net change in fair value	(34.20)
Purchases	250.00
Reclassified	-
Repayments	(2,207.92)
Closing Balance (March 31, 2021)	15,684.88
Opening Balance(April 1, 2021)	15,684.88
Net change in fair value	100.53
Purchases	94.56
Reclassified	-
Repayments	(7,632.56)
Closing Balance (March 31, 2022)	8,247.41

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.

(INR in lakh)

Significant unobservable inputs	March 31, 2022		March 31, 2021		March 31, 2022		March 31, 2021	
	Impact on Profit or loss		Impact on Profit or loss		Impact on Equity		Impact on Equity	
	Increase by 100 bps	Decrease by 100 bps	Increase by 100 bps	Decrease by 100 bps	Increase by 100 bps	Decrease by 100 bps	Increase by 100 bps	Decrease by 100 bps
Discount rate	(171.02)	177.48	(1.67)	1.67	(127.97)	132.81	(1.25)	1.25

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note 34

Employee benefits

(INR in lakh)

A. Defined Contribution Plans

Contribution to Provident fund, Employee State Insurance and any other funds

Amount of Rs 68.84 lakhs (March 31, 2021 : Rs 75.31 lakhs) is recognised as an expense and included in "Employee benefits" (refer note 27) 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 funded 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 2022	31 March 2021
Defined benefit obligation at the beginning of the year	48.05	42.77
Current service cost	21.36	21.04
Past service cost	-	-
Interest cost	10.66	2.92
Liability Transferred (Out)/ (Divestments)	(0.88)	-
Liability Transferred In/ Acquisitions	117.38	0.23
Actuarial (gains) / losses recognised in Other Comprehensive Income	-	-
arising from changes in financial assumptions	25.03	1.70
arising from changes in demographic assumptions	(5.81)	-
arising on account of experience changes	(28.83)	(20.61)
Benefits paid directly by the company	-	-
Defined benefit obligation at the end of the year	186.96	48.05

ii. Amount recognised in Balance Sheet

	31 March 2022	31 March 2021
Defined benefit obligation	(186.96)	(48.05)
Fair value of plan assets	-	-
Net defined benefit (obligation)/assets	(186.96)	(48.05)

iii. Expense recognised in the Statement of Profit and Loss

	31 March 2022	31 March 2021
(i) Expense recognised in the Statement of Profit and Loss		
Current service cost	21.36	21.04
Past service cost	-	-
Interest cost	10.66	3.15
	32.02	24.19
(ii) Expense recognised in the Other comprehensive income		
Actuarial (gains) losses on defined benefit obligations		
- arising from changes in financial assumptions	25.03	1.70
- arising from changes in demographic assumptions	(5.81)	-
- arising on account of experience changes	(28.83)	(20.61)
	(9.60)	(18.91)

iv. Actuarial assumptions

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

	31 March 2022	31 March 2021
Financial assumptions		
Discount rate	6.41%	6.82%
Salary escalation	10.00%	7.00%
Employee turnover	15.00%	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 2022	31 March 2021
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	(9.07)	(4.29)
(ii) One percent point decrease in discount rate	9.96	4.97
(iii) One percent point increase in rate of salary increase	9.53	4.89
(iv) One percent point decrease in rate of salary increase	(8.86)	(4.31)
(v) One percent point increase in employee turnover	(2.18)	(1.08)
(vi) One percent point decrease in employee turnover	2.33	1.12

Maturity Analysis of the Benefit Payments: From the Employer

Projected Benefits Payable in Future Years From the Date of Reporting	31 March 2022	31 March 2021
1st Following Year	21.17	0.99
2nd Following Year	20.98	1.67
3rd Following Year	20.59	2.84
4th Following Year	20.27	3.41
5th Following Year	19.31	4.10
Sum of Years 6 To 10	126.96	19.58
Sum of Years 11 and above	43.33	67.43

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 35
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 2022	31 March 2021
Debt securities	68,932.27	52,391.41
Borrowings (Other than Debt Securities)	28,566.37	23,060.15
Other Financial Liabilities	240.09	559.83
Gross debt	97,738.73	76,011.39
Less - Cash, cash equivalents & Other bank balances	4,612.32	8,661.42
Adjusted net debt	93,126.41	67,349.97
Total equity	72,013.59	69,511.55
Adjusted net debt to equity ratio	1.29	0.97
Net owned funds of the company	66,939.63	66,515.65
Total Capital funds of the company	68,998.43	72,535.53
Total Risk weighted assets of the company	1,64,703.76	1,40,525.95
CRAR (%)	41.89%	51.62%

There is no major variance in CRAR (%) as compared to the preceeding financial year.

Note 36
I.Capital Commitments

Particulars	31 March 2022	31 March 2021
1. Estimated amount of contracts remaining to be executed on Intangible assets (Net of capital advance)	-	-
2. Estimated amount of contracts remaining to be executed on Tangible assets	-	-

II. 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 and Avendus Structured Credit Fund - II (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.

2. There is no commitment for sanctioned but undisbursed loans and they are cancellable at the discretion of the company.

Note 37
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.147.50 lakh; (Previous year Rs. 125.00 lakh)
b) Following are the details of amount spent during the year for CSR:

Particulars	For the year ended March 31, 2022		
	Amount Spent	Amount unpaid	Total
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	147.50	-	147.50

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

The nature of CSR activities:

Avendus' CSR activities focus on the areas of Women Entrepreneurship, Sports Education and Healthcare. We work with several NGOs who run projects in these areas. The idea is to not only support the projects financially, but to also leverage our knowledge, understanding and ecosystem to help beneficiaries in their quest to better their lives.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
Note 38
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 75,456 equity shares of the holding Company (March 31, 2021: 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	Vested	Vested	0.69 Years	1.69 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, 2022	As at March 31, 2021
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					Valuation Consideration
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	
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	

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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	Vested	0.50 years	1.50 years	2.50 years	3.51 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, 2022	As at March 31, 2021
Opening Balance	10,956	43,081
Granted during the year	NIL	NIL
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	820	32,125
Forfeited during the year	NIL	NIL
Closing Balance	10,136	10,956

Particulars	ESOP 2018 I					Valuation Consideration
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	
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	

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
C) Employees Stock Option Scheme II 2018 (ESOP 2018 II):

Type of Arrangement	ESOP 2018 II				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Grant Date	28 September 2018	28 September 2018	28 September 2018	28 September 2018	26 November 2021
No. of Options granted	1,876	3,438	3,438	3,438	2,125
Exercise Price	4994.42	4994.42	4994.42	4994.42	8000
Contractual Life	5 years	5.01 years	6.01 years	7.01 years	5 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	Over a period of 5 years from the date of grant
Weighted average remaining contractual life	1.50 years	1.50 years	2.51 years	3.51 years	4.66 years
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Fair Value of the option (Rs.)	1,329.44	1,595.53	1,820.76	2,006.50	3,182.12

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, 2022	As at March 31, 2021
Opening Balance	NIL	12,190
Granted during the year	2,125	NIL
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	NIL	12190
Forfeited during the year	NIL	NIL
Closing Balance	2,125	NIL

Particulars	ESOP 2018 II					Valuation Consideration
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	
Risk free interest rate	7.96%- 8.12%	7.96%- 8.12%	7.96%- 8.12%	7.96%- 8.12%	5.77%	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	8000.00	As per Scheme
Expected Volatility	33.42%	33.42%	33.42%	33.42%	40.66%	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	8000.00	

(iii) Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of face value 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.

AVENDUS FINANCE PRIVATE LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022****Note 39 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 (Date of Resignation: 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- Independent Director
11	Key Managerial Personnel	Nitin Singh-Whole Time Director (Stepped down as Whole Time Director w.e.f 31-03-2022 and continues to be Non-Executive 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

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

Particulars		Aventus Capital Private Limited	Aventus Wealth Management Private Limited	Aventus PE Investment Advisors Private Limited	Aventus Capital Alternate Strategies	Key Managerial Personnel	Total
Transactions during the year							
Remuneration Paid *							
	Mar-22	-	-	-	-	600.20	600.20
	Mar-21	-	-	-	-	385.55	385.55
Sitting Fees Paid							
	Mar-22	-	-	-	-	25.50	25.50
	Mar-21	-	-	-	-	28.50	28.50
Reimbursement of Expenses							
	Mar-22	551.33	(0.88)	-	-	-	550.45
	Mar-21	671.17	-	-	-	-	671.17
Consultancy Fees- Expenses							
	Mar-22	-	405.81	-	-	-	405.81
	Mar-21	-	359.62	-	-	-	359.62
Refferal fees- Expenses							
	Mar-22	-	80.70	-	-	-	80.70
	Mar-21	-	16.74	-	-	-	16.74
Advisory Fees							
	Mar-22	-	-	20.94	-	-	20.94
	Mar-21	-	-	16.57	-	-	16.57
Distribution Fees							
	Mar-22	-	459.80	-	-	-	459.80
	Mar-21	-	365.22	-	-	-	365.22
Balances outstanding at the end of the year							
Payables							
	Mar-22	-	240.09	-	-	313.20	553.29
	Mar-21	195.08	364.75	-	0.11	254.50	814.44
Receivables							
	Mar-22	70.95	-	22.27	-	-	93.22
	Mar-21	-	-	16.57	-	-	16.57

* Excludes contribution to gratuity made for the company as a whole based on actuarial 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 Aventus Structured Credit-Fund I, managed by Aventus PE Investment Advisors Private Limited.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 40. 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-22							31-Mar-21	
Assets		Within 12 month	After 12 Months	Total	Within 12 month	After 12 Months	Total	
(1)	Financial Assets							
(a)	Cash and cash equivalents	478.06	-	478.06	2,047.23	-	2,047.23	
(b)	Bank Balance other than (a) above	3,595.99	538.27	4,134.26	6,614.19	-	6,614.19	
(c)	Derivative financial asset	-	226.56	226.56	-	-	-	
(d)	Receivables							
	(i) Trade Receivables	28.11	-	28.11	17.88	-	17.88	
(e)	Loans	53,846.04	70,425.59	1,24,271.63	35,608.22	82,257.85	1,17,866.07	
(f)	Investments	38,461.61	-	38,461.61	17,188.40	-	17,188.40	
(g)	Other Financial assets	116.78	-	116.78	15.60	-	15.60	
(2)	Non-Financial Assets							
(a)	Current tax assets (net)	-	149.97	149.97	-	172.90	172.90	
(b)	Deferred Tax Assets (Net)	-	3,282.56	3,282.56	-	2,220.48	2,220.48	
(c)	Property, Plant and Equipment		32.56	32.56	-	22.22	22.22	
(d)	Other non-financial assets	13.38	248.90	262.28	26.53	144.79	171.32	
	Total Assets	96,539.97	74,904.41	1,71,444.38	61,518.05	84,818.24	1,46,336.29	
Liabilities and Equity		Within 12 month	After 12 Months	Total	Within 12 month	After 12 Months	Total	
	Liabilities							
(1)	Financial Liabilities							
(a)	Derivative financial liability	-	225.70	225.70	-	-	-	
(b)	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	1,014.78	-	1,014.78	692.44	-	692.44	
(c)	Debt securities	11,450.69	57,481.58	68,932.27	23,077.09	29,314.32	52,391.41	
(d)	Borrowings (Other than Debt Securities)	13,139.79	15,426.58	28,566.37	11,718.70	11,341.45	23,060.15	
(e)	Other financial liabilities	240.09	-	240.09	1,229.01	-	559.83	
(2)	Non-Financial Liabilities							
(a)	Current tax liabilities (Net)	179.97	-	179.97	-	-	-	
(b)	Provisions	35.05	165.79	200.84	10.59	48.05	58.64	
(c)	Other non-financial liabilities	70.77	-	70.77	62.25	-	62.25	
	Total Liabilities (A)	26,131.14	73,299.65	99,430.79	36,790.10	40,703.82	76,824.74	
(3)	Equity							
(a)	Equity share capital	-	49,756.33	49,756.33	-	49,756.33	49,756.33	
(b)	Other equity	-	22,257.26	22,257.26	-	19,755.22	19,755.22	
	Total Equity (B)	-	72,013.59	72,013.59	-	69,511.55	69,511.55	
	Total Liabilities and Equity (A+B)	26,131.14	1,45,313.24	1,71,444.38	36,790.10	1,10,215.37	1,46,336.29	

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 41. 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, 2022		As at March 31, 2021	
1	Liabilities side 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	68,932.27	-	49,920.16	-
	Unsecured (Other than falling within the meaning of public deposits)	-	-	-	-
	b Deferred Credits	-	-	-	-
	c Term Loans	28,566.37	-	23,060.15	-
	d Inter - corporate loans and borrowings	-	-	-	-
	e Commercial paper	-	-	2,471.25	-
	f Other Loans	-	-	-	-
2	Assets side Break-up of Loans and Advances including bills (other than those included in (3) below) :	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	a Secured	1,23,014.14	-	1,17,866.07	-
	b Unsecured	1,257.49	-	-	-
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 <u>Shares</u>				
	Equity	0.01	-	0.01	-
	Preference	6.13	-	6.13	-
	ii Debentures and Bonds	-	-	-	-
	iii Units of mutual funds	38,360.91	-	17,182.26	-
	iv Government Securities	-	-	-	-
	v Others (please specify)	-	-	-	-
	2 Unquoted				
	i <u>Shares</u>				
	Equity	-	-	-	-
	Preference	94.56	-	-	-
	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	1,23,014.14	1,257.49	1,24,271.63	1,17,866.07	-	1,17,866.07
Total			1,23,014.14	1,257.49	1,24,271.63	1,17,866.07	-	1,17,866.07
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	38,461.61		-	17,188.40		-
7	Other Information							
	i	Gross Non - performing Assets						
		a Related parties	-			-		
		b Other than related parties	5,505.26			-		
	ii	Net Non - performing Assets						
		a Related parties	-			-		
		b Other than related parties	304.91			-		
	iii	Assets acquired in satisfaction of debt	104.11			-		

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 42. 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)

[illegible]

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 42. 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)

SI No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
	Asset Classification	Stand ard	Sub-Stand ard	Doub tful	Loss	Total	Stand ard	Sub-Stand ard	Doub tful	Loss	Total	Standard	Sub-Stand ard	Doub tful	Loss	Total	Standard	Sub-Stand ard	Doub tful	Loss	Total
6	Write-offs of restructured accounts during the year ended March 31, 2022																				
	No. of borrowers *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	773.09	-	-	-	773.09	773.09	-	-	-	773.09
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts at March 31, 2022																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	4	-	-	-	4	4	-	-	-	4
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	19,145.17	-	-	-	19,145.17	19,145.17	-	-	-	19,145.17
	Provision thereon	-	-	-	-	-	-	-	-	-	-	7,291.69	-	-	-	7,291.69	7,291.69	-	-	-	7,291.69

* Recoveries and write off pertain to a single account under One time settlement scheme. Since this account is disclosed under recoveries it has not been disclosed as a part of write offs.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 42. 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)

[illegible]

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 42. 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)

SI No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
	Asset Classification	Stand ar d	Sub-Stand ar d	Doub tful	Loss	Total	Stand ar d	Sub-Stand ar d	Doub tful	Loss	Total	Standard	Sub-Stand ar d	Doub tful	Loss	Total	Standard	Sub-Stand ar d	Doub tful	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

Note 43 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.

(INR in lakh)

43.1 Capital

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	41.89%	51.62%
CRAR - Tier I Capital (%)	40.64%	47.34%
CRAR - Tier II Capital (%)	1.25%	4.28%
Amount of subordinated debt raised as Tier-II Capital (₹)	-	-
Amount raised by issue of Perpetual Debt Instruments (₹)	-	-

43.2 Investments

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	38,461.61	17,188.40
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	38,461.61	17,188.40
(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	-	-

43.3 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 2022 and 31 March 2021.

43.4 Securitisation

The Company has not entered into any Securitisation transactions during the financial year ended 31 March 2022 and 31 March 2021.

43.5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31 March 2022
(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	824.73	212.00	637.17	9,367.88	42,804.26	56,992.10	13,423.35	10.14	1,24,271.63
Investments	38,360.91	-	-	-	-	-	-	100.70	38,461.61
Borrowings	1,015.89	1,075.54	1,721.16	10,876.51	9,901.38	71,691.22	1,216.94	-	97,498.64
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

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

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	-	-	-	-	-	-	-	-	-

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.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

43.6 Exposures

A. Exposure to Real Estate Sector

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
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
(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).	-	-
Total Exposure	-	1,218.25

B. Exposure to Capital Market

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
(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	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;	27,581.51	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;	7,005.26	12,600.47
(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;	8,079.25	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	42,666.03	32,114.69

C. Details of financing parent company products as at 31 March 2022- 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 22 - Rs. 1,260.15 lakh (Previous Year - Nil)

43.7 Miscellaneous Details

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
(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) Non- Convertible Debentures- Short term	Nil	Nil
(c) Bank Loan Long term	ACUITE AA-/STABLE , CRISIL A+/STABLE	ACUITE AA-/STABLE , CRISIL A+/STABLE
(d) Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD A+ r /STABLE	CRISIL PPMLD A+ r /STABLE
(e) Commercial Paper	CRISIL A1+, CARE 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
The assets of the Company provide adequate coverage of the total secured borrowings of the Company, which is within the limits prescribed under the terms of issues / debenture trust deeds.		

43.8 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	As at March 31, 2022	As at March 31, 2021
Provisions for Depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	1,997.08	2,450.00
<u>Other Provisions and Contingencies:</u>		
-Provision for Gratuity	32.02	24.19
-Provision for Compensated absences	20.94	19.69
Contingent Provision against standard assets	3,565.26	4,482.21
Total	5,615.30	6,976.09

B) Draw Down from Reserves is Nil as at 31 March 22 (Previous year Nil)

43.9 Concentration of Advances, Exposures and NPAs

A) Concentration of Advances

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Advances to twenty largest borrowers	1,15,692.65	1,03,749.70
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	86.43%	83.75%

B) Concentration of Exposures

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to twenty largest borrowers / customers	1,15,692.65	1,03,749.70
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	86.41%	83.73%

C) Concentration of NPAs

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to top four NPA accounts	5,505.26	-

D) Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
	As at March 31, 2022	As at March 31, 2021
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	8.94%	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

43.10 Movement of NPAs

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Net NPAs to Net Advances (%)	0.25%	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additions during the year	5,505.26	-
(c) Reductions during the year	-	-
(d) Closing balance	5,505.26	-
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	304.91	-
(c) Reductions during the year	-	-
(d) Closing balance	304.91	-
(iv) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
(a) Opening balance	-	-
(b) Provisions made during the year	5,200.35	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	5,200.35	-

43.11 Overseas Assets for those Joint venture and Subsidiaries abroad as at 31 March 2022 - Nil (Previous Year - Nil)

43.12 Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as at 31 March 2022 - Nil (Previous Year - Nil)

43.13 Disclosure of Customer Complaints

Particulars	As at March 31, 2022	As at March 31, 2021
(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	-	-

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 44 Disclosure as per Ind AS 115

Disaggregated revenue from operations based on Ind AS 115

(INR in lakh)

Particulars	31-Mar-22	31-Mar-21
Based on service type		
Fees and Commission Income	20.63	30.35
Based on geographay		
Within India	20.63	30.35
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-22	31-Mar-21
Trade receivables	34.42	24.19
Less : Impairment loss allowance	(6.31)	(6.31)
Net Trade Receivables	28.11	17.88

Note 45 Disclosures under Ind AS 116 - Leases

Cash outflow for leases for the year ended March 31, 2022 is Rs 2.40 lakh (Previous Year : Rs 10.18 lakh)

Expense of Rs. 122.85 lakh (Previous Year : 114.86 lakh) relating to short term leases and leases of low-value assets for the year ended March 31, 2022 is included in "Rent and energy cost" of Note 26 "Other Expenses"

Note 46 Other Statutory Information

(i) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in crypto currency or virtual currency during the financial year

(v) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority

(vi) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(vii) The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

(viii) The Company has not entered into any scheme of arrangement

Note 47 Disclosure u/s. 22 of the Micro, Small and Medium Enterprises Development Act, 2006

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

(INR in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
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.

- Note 48** (i) The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 49 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)

Sr. No.	Number of Significant Counterparties	As on 31 March 2022		
		Amount	% of Total deposits	% of Total Liabilities
1	Kotak Mahindra Bank	1,689.99	-	1.70%
2	Catholic Syrian Bank	3,308.75	-	3.33%
3	Indian Bank	2,980.53	-	3.00%
4	TATA Capital Financial Services Ltd	3,672.12	-	3.69%
5	Indian Bank (NCD)	2,691.24	-	2.71%
6	DCB Bank Ltd	1,327.65	-	1.34%
7	IDFC First Bank	833.33	-	0.84%
8	Karur Vyasa Bank	1,658.98	-	1.67%
9	Federal Bank	4,398.13	-	4.42%
10	Catholic Syrian Bank (NCD)	1,577.52	-	1.59%
11	Dhanlaxmi Bank	1,996.46		2.01%
12	Bajaj Finance Limited	1,871.59		1.88%
13	Axis Bank	2,244.29		2.26%
14	AU Finance Bank	2,584.54	-	2.60%
15	Other (HNI), Corporates, Family Offices, HNI	64,663.52	-	65.03%

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

Sr. No.	Particulars	As at 31st March 2022
1	Not Applicable	

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

Sr. No.	Particulars	As at 31st March 2022	
		Amount	% of Total Borrowings
1	Market Linked Debentures	64,663.52	66.32%
2	Federal Bank	4,398.13	4.51%
3	TATA Capital Financial Services Ltd	3,672.12	3.77%
4	Catholic Syrian Bank	3,308.75	3.39%
5	Indian Bank	2,980.53	3.06%
6	Indian Bank (NCD)	2,691.24	2.76%
7	AU Finance Bank	2,584.54	2.65%
8	Axis Bank	2,244.29	2.30%
9	Dhanlaxmi Bank	1,996.46	2.05%
10	Bajaj Finance Limited	1,871.59	1.92%

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 49 Public disclosure on liquidity risk (Pursuant to Liquidity Risk Framework Clause ix)

(iv) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	As on 31 March 2022	
		Amount	% of Total Liabilities
1	Non - Convertible Debentures	68,932.28	69.33%
2	Long Term Loan	28,566.36	28.73%
3	Short Term Loan (Commercial Paper)	-	0.00%

(v) Stock Ratios as at March 31, 2022 :

Sr. No.	Particulars	(%)
(a)	Commercial papers as a % of total public funds, total liabilities and total assets	N.A
i)	Commercial papers as a % of total public funds	N.A
ii)	Commercial papers as a % of total liabilities	N.A
ii)	Commercial papers as a % of total assets	N.A
(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	26.80%
ii)	Short-term liability as a % of total liabilities	26.28%
ii)	Short-term liability as a % of total assets	15.24%

(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, 2022

Note 50 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, 2022

(INR in lakh)

Asset Classification as per RBI Norms	Asset Classification 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 provisions and IRACP Norms
Performing Assets						
Standard	Stage 1	1,11,675.01	2,278.27	1,09,396.74	446.70	1,831.57
	Stage 2	8,523.65	2,106.52	6,417.13	852.37	1,254.15
Non- Performing Assets (NPA)						
Sub Standard	Stage 3	-	-	-	-	-
Doubtful - Upto 1 year	Stage 3	5,505.26	5,200.35	304.91	1,101.05	4,099.30
1 to 3 years	Stage 3	-	-	-	-	-
More Than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		5,505.26	5,200.35	304.91	1,101.05	4,099.30
Loss	Stage-3	-	-	-	-	-
Subtotal for NPA		5,505.26	5,200.35	304.91	1,101.05	4,099.30
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		5,505.26	5,200.35	304.91	1,101.05	4,099.30
Total	Stage-1	1,11,675.01	2,278.27	1,09,396.74	446.70	1,831.57
	Stage-2	8,523.65	2,106.52	6,417.13	852.37	1,254.15
	Stage-3	5,505.26	5,200.35	304.91	1,101.05	4,099.30
	Total	1,25,703.92	9,585.14	1,16,118.78	2,400.12	7,185.02

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 50 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 Classification 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 provisions and IRACP Norms
Performing Assets						
Standard	Stage 1	96,739.99	2,543.69	94,196.30	386.96	2,156.73
	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	96,739.99	2,543.69	94,196.30	386.96	2,156.73
	Stage-2	11,461.08	3,476.19	7,984.89	1,146.11	2,330.08
	Stage-3	-	-	-	-	-
	Total	1,08,201.07	6,019.88	1,02,181.19	1,533.07	4,486.81

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

Note 51 Loan Transfer

Details of loans transferred / acquired during the year ended March 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- (i) The Company has not transferred any stressed assets.
- (ii) The Company has not acquired any loans not in default.
- (iii) The Company has not acquired any stressed loan.
- (iv) Details of transferred loan not in default :

Particulars	Transferred
Aggregate amount of loans transferred (INR in lacs)	7926.78
Weighted average maturity (in years)	4
Weighted average holding period (in years)	1
Retention of beneficial economic interest by the originator*	Nil
Tangible security cover	100%
Rating wise distribution of rated loans	No external rating is available

* Transaction pertains to Debenture transfer. Hence, to extent of the units transferred, there is no economic interest retained.

Note 52 The extent to which any new wave of COVID-19 pandemic will impact the Company's results will depend on ongoing as well as future developments, 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 us. Based on the present assessment, the Company do not expect any material adverse impact on the operations of the Company.

Note 53 During the year, two borrowers were restructured under RBI circular dated May 5, 2021 Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) read with RBI circular dated January 1, 2019 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances. The details for the same are as under :

No. of accounts restructured	Amount (INR in lakh)
2	6241.28

Note 54 The Hon. Supreme Court of India vide its order dated March 23, 2021 required 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 had put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the aforesaid moratorium period. The Company had 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 ended March 31, 2021. The Company has adjusted / refunded the said amounts to the respective borrowers.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

- Note 55 Employee Benefits expenses amounting to Rs. 392.94 lakhs (Previous Year Rs. 328.26 lakhs) included in Note 28 and Other Expenses amounting to Rs. 275.77 lakhs (Previous Year Rs. 342.91 lakhs) included in Note 29 is reimbursement made to Group Companies towards the value of costs apportioned in accordance with the Master Cost sharing agreement.
- Note 56 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 Kumar Aggarwal
Managing Director & CEO
(DIN : 00153487)
Place : Mumbai

Nitin Singh
Director
(DIN : 06904459)
Place : Mumbai

Sameer Kamath
Chief Financial Officer

Place : Mumbai

Radhika Parmanandka
Company Secretary

Place : Mumbai

Date : May 24, 2022