

## **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

We have audited the accompanying financial statements of Avendus Finance Private Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to Note 48 to the financial statements, in which the Company describes the uncertainties arising from COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

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Sr. No.	Key Audit Matter	Auditors' Response
1	<p><b>Impairment of loans:</b></p> <p>As at the year end, the Company has reported financial assets carried at amortised cost in the form of loans granted aggregating to Rs. 91,029.00 Lakh net of provision for Expected Credit Loss (ECL) of Rs. 1,537.67 Lakh. Management estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are:</p> <ul style="list-style-type: none"> <li>• Timely Identification and classification of the impaired loans;</li> <li>• Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors;</li> <li>• Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact of recent RBI's Covid-19 regulatory circulars;</li> <li>• Accounting interpretations, modelling assumptions and data used to build and run the models;</li> <li>• Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 Pandemic, and</li> <li>• The disclosures made in the financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. Refer note 30 to the financial statements.</li> </ul>	<p><b>Principal audit procedures performed:</b></p> <p>We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented.</p> <p>We evaluated the design and operating effectiveness of controls across the processes relevant to ECL.</p> <p>These controls, among others, included controls over the allocation of loans into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, credit monitoring, individual provisions and control over recording of journal entries and disclosures.</p> <p>We tested the completeness of loans included in the Expected Credit Loss calculations as of 31 March 2020 by reconciling it with the balances as per loan Master Sheet.</p> <p>We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage using criteria in accordance with Ind AS 109.</p> <p>For samples of exposure, we tested the appropriateness of determining Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD).</p> <p>We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.</p> <p>We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation</p>

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		to ECL especially in relation to judgements used in estimation of ECL provision.
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## Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in in the Management Discussion and Analysis and Directors Report (the "Reports"), but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Financial Statements

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

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

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

## Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position as at the year end.
    - ii. The Company did not have any long-term contracts including derivative contracts as at the year end for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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



**G. K. Subramaniam**  
Partner

(Membership No. 109839)  
UDIN: 20109839AAAAJQ3834

Mumbai, June 27, 2020

# **Deloitte Haskins & Sells LLP**

## **Report on Internal Financial Controls over Financial Reporting**

### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the internal financial controls over financial reporting of Avendus Finance Private Limited (the "Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

#### **Auditor's Responsibility**

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

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

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

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## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

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



**G. K. Subramaniam**  
Partner  
(Membership No. 109839)  
UDIN: 20109839AAAAJQ3834

Mumbai, June 27, 2020



# Deloitte Haskins & Sells LLP

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of **Avendus Finance Private Limited** (the "Company") for the year ended March 31, 2020)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3 (i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause 3 (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or security to any director of the Company and hence the provisions of Section 185 of the Act is not applicable to the Company. The Company has complied with the provisions of Section 186 as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the company.
- (vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it with the appropriate authorities. We have been informed that the activities of the Company are such that the provisions of Employees' State Insurance are not applicable to the Company.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Goods and Services Tax and Customs Duty as on March 31, 2020 on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and

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dues to debenture holders. The Company has not taken any loan or borrowing from the government.

- (ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Act do not apply to the Company and hence reporting on clause 3 (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company has constituted an audit committee as per the requirement of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and is in compliance with Section 177 of the Companies Act, 2013. The second proviso to section 188 (1) of the Companies Act, 2013 is not applicable to the Company. The Company has complied with the other provisions of section 188 of the Companies Act, 2013 as regards the transactions with related parties. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of the related party transactions in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors, or directors of its holding company or persons connected with them. Further, the Company does not have any associates. Hence, the provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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



**G. K. Subramaniam**  
Partner  
(Membership No. 109839)  
UDIN: 20109839AAAAJQ3834

Mumbai, June 27, 2020

**AVENDUS FINANCE PRIVATE LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2020**

(INR in lakhs)

Assets		Note No.	As at March 31, 2020	As at March 31, 2019
(1)	<b>Financial Assets</b>			
(a)	Cash and cash equivalents	2	11,863.70	703.48
(b)	Bank Balance other than (a) above	3	1,000.14	-
(c)	Receivables			
(i)	Trade Receivables	4	50.17	754.17
(d)	Loans	5	1,08,706.00	90,157.10
(e)	Investments	6	6,077.66	18,417.45
(f)	Other Financial assets	7	29.52	5.00
(2)	<b>Non-Financial Assets</b>			
(a)	Current tax assets (net)	15 (a)	78.48	0.19
(b)	Deferred Tax Assets (net)	8	431.99	4.37
(c)	Property, Plant and Equipment	9	32.83	21.48
(d)	Other non-financial assets	10	91.63	103.37
	<b>Total Assets</b>		<b>1,28,362.12</b>	<b>1,10,166.61</b>
Liabilities and Equity		Note No.	As at March 31, 2020	As at March 31, 2019
	<b>Liabilities</b>			
(1)	<b>Financial Liabilities</b>			
(a)	Payables	11		
	Trade Payables			
(i)	total outstanding dues of micro enterprises and small enterprises		-	-
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises		626.72	1,008.04
(b)	Debt securities	12	21,358.38	18,330.23
(c)	Borrowings (Other than Debt Securities)	13	36,409.29	26,538.28
(d)	Other financial liabilities	14	1,229.01	227.71
(2)	<b>Non-Financial Liabilities</b>			
(a)	Current tax liabilities (Net)	15 (b)	380.17	323.59
(b)	Provisions	16	62.67	46.80
(c)	Other non-financial liabilities	17	268.58	183.08
	<b>Total Liabilities (A)</b>		<b>60,334.82</b>	<b>46,657.73</b>
(3)	<b>Equity</b>			
(a)	Equity share capital	18	49,756.33	49,756.33
(b)	Other equity	19	18,270.97	13,752.55
	<b>Total Equity (B)</b>		<b>68,027.30</b>	<b>63,508.88</b>
	<b>Total Liabilities and Equity (A+B)</b>		<b>1,28,362.12</b>	<b>1,10,166.61</b>

See accompanying notes forming part of the financial statements 1-50

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



G.K. Subramaniam  
Partner  
Place : Mumbai

For and on behalf of the Board of Directors



Sandeep Thapliyal  
Managing Director & CEO  
(DIN : 07645620)  
Place : Delhi



Kaushal Aggarwal  
Director  
(DIN : 00153487)  
Place : Mumbai



Sameer Kamath  
Chief Financial Officer  
Place : Mumbai



Radhika Parmanandka  
Company Secretary  
Place : Mumbai

Date : June 27, 2020

Date : June 27, 2020

**AVENDUS FINANCE PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2020**

(INR in lakhs)

Particulars	Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Revenue from operations</b>			
(i) Interest Income	20	15,411.19	13,061.07
(ii) Dividend Income		-	42.19
(iii) Fees and commission Income		52.63	695.57
(iv) Net gain on fair value changes	21	1,450.19	1,250.71
<b>(I) Total Revenue from operations</b>		<b>16,914.01</b>	<b>15,049.54</b>
(II) Other Income	22	11.78	87.87
<b>(III) Total Income (I+II)</b>		<b>16,925.79</b>	<b>15,137.41</b>
<b>Expenses</b>			
(i) Finance Cost	23	5,973.48	3,346.44
(ii) Impairment on financial instruments	24	1,249.67	269.58
(iii) Employee Benefits Expense	25	2,511.52	2,694.75
(iv) Depreciation, amortization and impairment	9	15.00	8.82
(v) Other expenses	26	1,504.48	938.41
<b>(IV) Total Expenses</b>		<b>11,254.15</b>	<b>7,258.00</b>
<b>(V) Profit before tax (III-IV)</b>		<b>5,671.64</b>	<b>7,879.41</b>
<b>(VI) Tax Expense:</b>			
(1) Current Tax	27	1,905.00	2,330.00
(2) Deferred Tax	27	(430.24)	12.30
		<b>1,474.76</b>	<b>2,342.30</b>
<b>(VII) Profit for the year from continuing operations (V-VI)</b>		<b>4,196.88</b>	<b>5,537.11</b>
<b>(VIII) Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans;		10.43	(1.97)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.62)	0.57
<b>Other Comprehensive Income</b>		<b>7.81</b>	<b>(1.40)</b>
<b>(IX) Total Comprehensive Income for the year (VII+VIII)</b>		<b>4,204.69</b>	<b>5,535.71</b>
<b>(X) Earnings per equity share</b>			
Basic (Rs)	28	0.08	0.11
Diluted (Rs.)	28	0.08	0.11

See accompanying notes forming part of the financial statements

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



G.K. Subramaniam  
Partner  
Place : Mumbai

For and on behalf of the Board of Directors



Sandeep Thapliyal  
Managing Director & CEO  
(DIN : 07645620)  
Place : Delhi



Kaushal Aggarwal  
Director  
(DIN : 00153487)  
Place : Mumbai



Sameer Kamath  
Chief Financial Officer  
Place : Mumbai



Radhika Parmanandka  
Company Secretary  
Place : Mumbai

Date : June 27, 2020

Date : June 27, 2020

**AVENDUS FINANCE PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

(INR in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	5,671.64	7,879.41
Add / (Less) : Adjustments for		
Depreciation	15.00	8.82
Fair Value of debt securities and preference shares	33.52	251.63
Interest income on fixed deposit	(7.07)	(87.38)
Credit Impaired	1.03	5.28
Impairment losses on financial instruments	1,249.67	269.58
Gain on sale of mutual funds	(1,190.67)	(868.45)
Fair value of loans	27.87	(355.17)
Fair value of mutual funds	(0.15)	(23.06)
Share based payment	313.74	387.86
	<u>442.94</u>	<u>(410.89)</u>
Operating Profit before Working Capital Changes	6,114.58	7,468.52
Changes in Working Capital :		
Adjustment for (increase)/ decrease in operating assets:		
Receivables	702.97	(217.35)
Investments	4,645.03	(2,348.42)
Loans	(19,826.44)	(28,703.52)
Other Financial assets	(24.52)	2,721.23
Other non-financial assets	13.78	(94.88)
	<u>(14,489.18)</u>	<u>(28,642.94)</u>
Adjustment for increase/(decrease) in operating liabilities:		
Payables	(381.32)	(8.11)
Provisions	15.87	26.16
Remeasurement impact defined benefit plan	10.43	(1.97)
Other financial liabilities (including interest on borrowings and debt securities)	1,838.15	878.20
Other non-financial liabilities	85.50	186.68
	<u>1,568.63</u>	<u>1,080.96</u>
Net Changes in Working Capital	(12,920.55)	(27,561.98)
Cash flow from Operations	(6,805.97)	(20,093.46)
Income Tax Paid (Net)	(1,918.95)	(2,186.37)
Cash used in Operations	(8,724.92)	(22,279.83)
Net Cash (used in) Operating Activities (A)	<u>(8,724.92)</u>	<u>(22,279.83)</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(11,51,431.32)	(6,89,925.84)
Proceeds from Sale of Investments	11,60,276.54	6,77,512.75
Interest on Fixed Deposits	7.07	87.67
Purchase of Fixed Assets	(29.32)	(16.04)
Net Cash from / (used in) Investing Activities (B)	<u>8,822.97</u>	<u>(12,341.46)</u>

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C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings and Debt Securities	26,408.91	43,028.99
Repayment of Borrowings and Debt Securities	(14,346.60)	(11,584.38)
<b>Net Cash generated from Financing Activities (C)</b>	<b>12,062.31</b>	<b>31,444.41</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>12,160.36</b>	<b>(3,176.88)</b>
Cash and cash equivalents as at the beginning of the year	703.48	3,880.36
Cash and cash equivalents as at the end of the year	12,863.84	703.48
Cash and Cash Equivalents consist of :- (Refer note 2 & 3)		
- Balance in Current Accounts	11,863.70	703.48
- Balance in Fixed Deposits	1,000.14	0.00
	<b>12,863.84</b>	<b>703.48</b>

**Notes:**

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


**2 Change in liabilities arising from financing activities**

Particulars	31-Mar-20	31-Mar-19
Opening Balance	44,868.51	12,676.43
Borrowings and Debt Securities received during the year	26,408.91	43,028.99
Amortisation of Interest and other charges on Borrowings and Debt Securities	836.85	747.67
Repayment of Borrowings and Debt Securities during the year	(14,346.60)	(11,584.58)
Closing Balance	57,767.67	44,868.51

See accompanying notes forming part of the financial statements


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

  
G.K. Subramaniam  
Partner  
Place : Mumbai

For and on behalf of the Board of Directors

  
Sandeep Vignani  
Managing Director & CEO  
(DIN : 07645620)  
Place : Delhi

  
Kaushal Aggarwal  
Director  
(DIN : 00153487)  
Place : Mumbai

  
Sameer Kamath  
Chief Financial Officer  
Place : Mumbai

  
Radhika Parmanandka  
Company Secretary  
Place : Mumbai

Date : June 27, 2020

Date : June 27, 2020



**AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020**

**Statement of Changes in Equity for the year ended March 31, 2020**

I Equity Share Capital	
Particulars	Amount (INR in lakhs)
Balance at April 1, 2018	49,756.33
Changes in equity share capital during the year	-
Balance at March 31, 2019	49,756.33
Changes in equity share capital during the year	-
Balance at March 31, 2020	49,756.33

**II Other equity**

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, 2018	506.48	5,137.71	5.28	2,111.30	(0.79)	68.20	7,828.18
Transfer to/from retained earnings	1,107.42	-	-	(1,107.42)	-	-	-
Share based payment	-	-	-	-	-	387.87	387.87
Profit for the year	-	-	-	5,537.11	(0.61)	-	5,537.11
Other Comprehensive Income for the year	-	-	-	-	(1.40)	-	(0.61)
Balance as at April 1, 2019	1,613.90	5,137.71	5.28	6,540.99	(1.40)	456.07	13,752.55
Transfer to/from retained earnings	839.38	-	-	(839.38)	-	-	-
Share based payment	-	-	-	-	-	313.73	313.73
Profit for the year	-	-	-	4,196.88	-	-	4,196.88
Other Comprehensive Income for the year	-	-	-	-	7.81	-	7.81
Total Comprehensive Income	839.38	-	-	3,357.50	7.81	313.73	4,518.42
Balance as at March 31, 2020	2,453.28	5,137.71	5.28	9,898.49	6.41	769.80	18,270.97

See accompanying notes forming part of the financial statements


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

  
G.K. Subramaniam  
Partner  
Place : Mumbai

For and on behalf of the Board of Directors

  
Sandeep Thapliyal  
Managing Director & CEO  
(DIN : 07645620)  
Place : Delhi

  
Radhika Parmanandka  
Company Secretary  
Place : Mumbai

  
Kaushal Aggarwal  
Director  
(DIN : 00153487)  
Place : Mumbai

Date : June 27, 2020

Date: June 27, 2020

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

#### 1. General information

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

#### 1.1 Basis of Preparation

##### A. Statement of compliance

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

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

The financial statements have been prepared on accrual and going concern basis. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements were authorized for issue by the Company's Board of Directors on June 27, 2020.

##### 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



## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

#### **I. Defined employee benefit assets and liabilities**

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

#### **II. Impairment of loans portfolio**

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

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

#### **III. Recognition of deferred tax assets**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forwards and unused tax credits could be utilized.

#### **IV. 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.

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

#### v. 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.

#### vi. Effective Interest Rate (EIR) method

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

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

#### 1.2 Standard issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

#### 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.

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- b. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

#### ii. Subsequent expenditure

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

#### iii. Depreciation

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
Computers - (Mobile Instruments)	2 years

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

#### iv. Derecognition

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

### C. Fees & Commission Income

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

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

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

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

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

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

#### Interest Income

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

#### Net gain on Fair value changes

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

#### Loan Processing Fees

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

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

#### D. Finance Costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the life of loan. The EIR in case of a financial liability is computed

- a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- b. By considering all the contractual terms of the financial instrument in estimating the cash flows
- c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc., provided these are incremental costs that are directly related to the issue of a financial liability.

#### E. Employee benefits

##### Defined Contribution Plan

##### Provident Fund

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

##### Defined Benefit Plan

##### Gratuity

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

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

##### Compensated Absences

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

#### **Other Employee Benefits**

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

#### **Employee Stock Option Plans**

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

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

#### **F. Income Tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Deferred tax assets and liabilities are offset only if:

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

#### G. Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### H. Impairment of non-financial assets

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

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

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

#### I. Financial Instruments

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

#### Financial assets

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

#### **Classification**

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

#### **Initial recognition and measurement**

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

#### **Business model assessment**

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

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

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

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

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

#### **Financial assets at amortised cost**

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

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

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

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

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

#### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost.

#### **Debt securities and other borrowed funds**

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

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

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

#### **Reclassification**

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

### **J. Impairment of Financial Assets**

#### **Methodology for computation of Expected Credit Losses (ECL)**

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

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

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

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

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

#### **Collateral Valuation**

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

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

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

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

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- Stage 1: 12 month ECL  
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.
  
- Stage 2: Lifetime ECL (not credit impaired):  
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.  
  
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.
  
- Stage 3: Lifetime ECL (credit impaired):  
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

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

#### *Method used to compute lifetime ECL:*

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

#### **K. Write-offs**

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

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

#### L. Derecognition of financial assets and financial liabilities

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

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

#### Financial liabilities

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

#### Modifications of financial assets and financial liabilities

##### Financial assets

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

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit and loss account. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income or other gain or loss as appropriate.

#### **Financial liabilities**

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

#### **M. Measurement of fair values**

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

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

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

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

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

Certain loans given by the Company are measured at FVTPL.

#### **N. Provisions**

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

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## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

#### O. Contingent Liabilities

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

#### P. Cash Flow Statement

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

#### Q. Operating Cycle

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

#### R. Leases

With effect from 01 April 2019, the Company has applied Ind AS 116 using the modified prospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The impact of change in accounting policies is disclosed in Note no 43.

#### 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.

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**AVENDUS FINANCE PRIVATE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020**

**Note 2. Cash and cash equivalents**

*(INR in lakhs)*

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks (of the nature of cash and cash equivalents); - In Current Accounts	11,863.70	703.48
<b>Total</b>	<b>11,863.70</b>	<b>703.48</b>

\* Restrictions, if any, on utilisation of balances should be disclosed

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

*(INR in lakhs)*

Particulars	As at March 31, 2020	As at March 31, 2019
In Deposit Accounts	1,000.14	-
<b>Total</b>	<b>1,000.14</b>	<b>-</b>

**Note 4. Receivables**

*(INR in lakhs)*

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Trade Receivables</b>		
(a) Considered good -Unsecured	50.17	754.17
Less: Allowance for impairment loss	-	-
(b) Credit Impaired	6.31	5.28
Less: Allowance for impairment loss	(6.31)	(5.28)
<b>Total</b>	<b>50.17</b>	<b>754.17</b>

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Note 5. Loans

(INR in lakhs)

Particulars	As at March 31, 2020						As at March 31, 2019					
	Amortised cost	At Fair Value				Total	Amortised cost	At Fair Value				Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account	Subtotal			Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account	Subtotal	
1	2	3	4	(5=2+3+4)	(6=1+5)	1	2	3	4	(5=2+3+4)	(6=1+5)	
Term Loans	92,566.67	-	17,677.00	-	17,677.00	1,10,243.67	71,761.33	-	18,683.77	-	18,683.77	90,445.10
<b>Total (A) Gross</b>	<b>92,566.67</b>	<b>-</b>	<b>17,677.00</b>	<b>-</b>	<b>17,677.00</b>	<b>1,10,243.67</b>	<b>71,761.33</b>	<b>-</b>	<b>18,683.77</b>	<b>-</b>	<b>18,683.77</b>	<b>90,445.10</b>
Less: Impairment allowance on financial instrument	(1,537.67)	-	-	-	-	(1,537.67)	(288.00)	-	-	-	-	(288.00)
<b>Total (A) Net</b>	<b>91,029.00</b>	<b>-</b>	<b>17,677.00</b>	<b>-</b>	<b>17,677.00</b>	<b>1,08,706.00</b>	<b>71,473.33</b>	<b>-</b>	<b>18,683.77</b>	<b>-</b>	<b>18,683.77</b>	<b>90,157.10</b>
(i) Secured by tangible assets	25,228.15	-	717.43	-	717.43	25,945.58	30,049.09	-	295.26	-	295.26	30,344.35
(ii) Covered by Bank Guarantee	-	-	-	-	-	-	936.20	-	126.72	-	126.72	1,062.92
(iii) Other including securities	64,870.05	-	16,959.57	-	16,959.57	81,829.62	37,499.51	-	18,261.79	-	18,261.79	55,761.30
(iv) Unsecured	2,468.47	-	-	-	-	2,468.47	3,276.53	-	-	-	-	3,276.53
<b>Total (B) Gross</b>	<b>92,566.67</b>	<b>-</b>	<b>17,677.00</b>	<b>-</b>	<b>17,677.00</b>	<b>1,10,243.67</b>	<b>71,761.33</b>	<b>-</b>	<b>18,683.77</b>	<b>-</b>	<b>18,683.77</b>	<b>90,445.10</b>
Less: Impairment loss allowance	(1,537.67)	-	-	-	-	(1,537.67)	(288.00)	-	-	-	-	(288.00)
<b>Total (B) Net</b>	<b>91,029.00</b>	<b>-</b>	<b>17,677.00</b>	<b>-</b>	<b>17,677.00</b>	<b>1,08,706.00</b>	<b>71,473.33</b>	<b>-</b>	<b>18,683.77</b>	<b>-</b>	<b>18,683.77</b>	<b>90,157.10</b>
<b>C. Loans in India</b>												
(i) Public Sectors	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Others	92,566.67	-	17,677.00	-	17,677.00	1,10,243.67	71,761.33	-	18,683.77	-	18,683.77	90,445.10
<b>Total (C) Gross</b>	<b>92,566.67</b>	<b>-</b>	<b>17,677.00</b>	<b>-</b>	<b>17,677.00</b>	<b>1,10,243.67</b>	<b>71,761.33</b>	<b>-</b>	<b>18,683.77</b>	<b>-</b>	<b>18,683.77</b>	<b>90,445.10</b>
Less: Impairment allowance on financial instrument	(1,537.67)	-	-	-	-	(1,537.67)	(288.00)	-	-	-	-	(288.00)
<b>Total (C) Net</b>	<b>91,029.00</b>	<b>-</b>	<b>17,677.00</b>	<b>-</b>	<b>17,677.00</b>	<b>1,08,706.00</b>	<b>71,473.33</b>	<b>-</b>	<b>18,683.77</b>	<b>-</b>	<b>18,683.77</b>	<b>90,157.10</b>
<b>(D) Loans Outside India</b>												
Loans Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Less: Impairment allowance on financial instrument	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total D (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (C+D)</b>	<b>91,029.00</b>	<b>-</b>	<b>17,677.00</b>	<b>-</b>	<b>17,677.00</b>	<b>1,08,706.00</b>	<b>71,473.33</b>	<b>-</b>	<b>18,683.77</b>	<b>-</b>	<b>18,683.77</b>	<b>90,157.10</b>

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AVENDUS FINANCE PRIVATE LIMITED  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 6. Investments

(INR in lakhs)

Particulars	As at March 31, 2020					Total	As at March 31, 2019					
	Amortised cost	At Fair Value			Subtotal		Through other comprehensive income	At Fair Value			Subtotal	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account				Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account		
1	2	3	4	(5=2+3+4)	(6=1+5)	2	3	4	(8=2+3+4)	(6=1+5)		
<b>Investments</b>												
- Mutual fund units	-	-	6,074.14	-	6,074.14	6,074.14	-	13,735.38	-	13,735.38		
- Debt securities	-	-	-	-	-	-	-	4,657.95	-	4,657.95		
- Preference Shares	-	-	3.52	-	3.52	3.52	-	24.12	-	24.12		
<b>Total - Gross (A)</b>	-	-	<b>6,077.66</b>	-	<b>6,077.66</b>	<b>6,077.66</b>	-	<b>18,417.45</b>	-	<b>18,417.45</b>		
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-		
(ii) Investments in India	-	-	6,077.66	-	6,077.66	6,077.66	-	18,417.45	-	18,417.45		
<b>Total (B)</b>	-	-	<b>6,077.66</b>	-	<b>6,077.66</b>	<b>6,077.66</b>	-	<b>18,417.45</b>	-	<b>18,417.45</b>		
<b>Total (A) to tally with (B)</b>												
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-	-	-		
<b>Total - Net D= (A)-(C)</b>	-	-	<b>6,077.66</b>	-	<b>6,077.66</b>	<b>6,077.66</b>	-	<b>18,417.45</b>	-	<b>18,417.45</b>		

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**AVENDUS FINANCE PRIVATE LIMITED****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020****Note 7. Other Financial Assets***(INR in lakhs)*

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Security deposits		
To Others	29.52	5.00
<b>Total</b>	<b>29.52</b>	<b>5.00</b>

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

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Deferred tax assets	431.99	1.39
Deferred tax liabilities	-	(2.98)
<b>Net Deferred Tax Assets</b>	<b>431.99</b>	<b>4.37</b>

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AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 9. Property, Plant and Equipment

(INR in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Office Equipments	Computers	Total	Office Equipments	Computers	Total
Gross Block (Deemed Cost)						
As at the beginning of the year	8.08	25.87	33.95	7.11	11.72	18.83
Additions	18.23	9.05	27.28	1.89	14.15	16.04
Disposals	(1.78)	(0.71)	(2.49)	(0.92)	-	(0.92)
<b>As at the end of the year (A)</b>	<b>24.53</b>	<b>34.21</b>	<b>58.74</b>	<b>8.08</b>	<b>25.87</b>	<b>33.95</b>
Accumulated Depreciation						
As at the beginning of the year	3.22	9.25	12.47	1.45	2.97	4.42
Depreciation for the year	4.47	10.53	15.00	2.54	6.28	8.82
Disposals	(0.85)	(0.71)	(1.56)	(0.77)	-	(0.77)
<b>As at the end of the year (B)</b>	<b>6.84</b>	<b>19.07</b>	<b>25.91</b>	<b>3.22</b>	<b>9.25</b>	<b>12.47</b>
<b>Net carrying amount as at the end of the year (A-B)</b>	<b>17.69</b>	<b>15.14</b>	<b>32.83</b>	<b>4.86</b>	<b>16.62</b>	<b>21.48</b>

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**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020**

**Note 10. Other Non-financial Assets**

*(INR in lakhs)*

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Capital advances	2.04	-
Advance to Vendors	1.55	2.98
Balances with Government authorities	71.58	55.31
Prepaid expenses	16.46	45.08
<b>Total</b>	<b>91.63</b>	<b>103.37</b>

**Note 11. Payables**

*(INR in lakhs)*

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Trade Payables</b>		
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note No. 44)	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	626.72	1,008.04
<b>Total</b>	<b>626.72</b>	<b>1,008.04</b>

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 12. Debt Securities

(INR in lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total
	1	2	3	(4)=(1)+(2)+(3)	1	2	3	(4)=(1)+(2)+(3)
Debt Securities	21,358.38	-	-	21,358.38	15,776.77	-	-	15,776.77
Commercial Papers	-	-	-	-	2,553.46	-	-	2,553.46
<b>Total (A)</b>	<b>21,358.38</b>	<b>-</b>	<b>-</b>	<b>21,358.38</b>	<b>18,330.23</b>	<b>-</b>	<b>-</b>	<b>18,330.23</b>
Debt securities in India	21,358.38	-	-	21,358.38	18,330.23	-	-	18,330.23
Debt securities outside India	-	-	-	-	-	-	-	-
<b>Total (B) to tally with Total (A)</b>	<b>21,358.38</b>	<b>-</b>	<b>-</b>	<b>21,358.38</b>	<b>18,330.23</b>	<b>-</b>	<b>-</b>	<b>18,330.23</b>

Particulars and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019
The debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 17 Jul 2020	Interest of 1 year MCLR + Spread	At Maturity	10,834.63	10,701.37
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 31 Jan 2020.	9.49% p.a.	At Maturity	-	5,075.40
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 Sept 2021.	11.00% p.a.	At Maturity	10,523.75	-
Commercial Papers are unsecured and are payable in 91 days on 7 Jun 2019. Maximum amount outstanding at any time during the year Rs. 6000 lakhs.	10.00% p.a	At Maturity	-	2,553.46

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 13. Borrowings (other than Debt Securities)

(INR in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019				
	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total
	1	2	3	(4)=(1)+(2)+(3)	1	2	3	(4)=(1)+(2)+(3)
<b>Secured</b>								
Term loans								
(i) from banks	30,000.38	-	-	30,000.38	26,538.28	-	-	26,538.28
(ii) from other parties	4,000.00	-	-	4,000.00	-	-	-	-
(iii) Other loans (Cash credits from Banks)	2,408.91	-	-	2,408.91	-	-	-	-
<b>Total (A)</b>	<b>36,409.29</b>	<b>-</b>	<b>-</b>	<b>36,409.29</b>	<b>26,538.28</b>	<b>-</b>	<b>-</b>	<b>26,538.28</b>
Borrowings in India								
Borrowings outside India	36,409.29	-	-	36,409.29	26,538.28	-	-	26,538.28
<b>Total (B) to tally with Total (A)</b>	<b>36,409.29</b>	<b>-</b>	<b>-</b>	<b>36,409.29</b>	<b>26,538.28</b>	<b>-</b>	<b>-</b>	<b>26,538.28</b>

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019
<b>(i) From Banks</b>				
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	3,772.73	5,038.28
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	4,042.19	-
Term Loan from HDFC Bank Limited is taken for a tenure of 42 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 11 equal quarterly installments after moratorium period of 9 months	1,834.08	2,500.00
Term Loan from HDFC Bank Limited is taken for a tenure of 42 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 10 equal quarterly installments after moratorium period of 12 months	2,017.48	2,500.00

**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020**

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

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019
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	2,342.14	2,500.00
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	4,167.98	5,000.00
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	3,999.70	5,000.00
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	To be repaid in 10 equal quarterly installments after moratorium period of 18 months	3,600.00	4,000.00
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 1.10 times book debts / loan receivable of the Company.	Interest of 1 year TBILL plus spread	To be repaid in 12 equal quarterly installments	4,205.49	-
<b>(ii) From Others</b>				
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	4,018.59	-
<b>(iii) Other loans (Cash credits from Banks)</b>				
Cash Credit from HDFC Bank Limited is taken and is secured by first pari passu charge by way of hypothecation of the the 1.20 times book debts/ loan receivable of the Company.	1 year MCLR + Spread	On Demand	2,408.91	



AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

**Note 14. Other Financial Liabilities**

(INR in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Advance received	371.45	-
(b) Others - Payable to Related Parties	857.56	227.71
<b>Total</b>	<b>1,229.01</b>	<b>227.71</b>

**Note 15 (a). Current tax assets**

(INR in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current tax assets</b>		
- Advance Income Tax	2,408.48	0.19
<b>Current tax liabilities</b>		
- Income tax payable	2,330.00	-
<b>Net tax assets</b>	<b>78.48</b>	<b>0.19</b>

**Note 15 (b). Current tax liabilities**

(INR in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current tax liabilities</b>		
- Income tax payable	3,091.92	3,517.08
<b>Current tax assets</b>		
- Advance Income Tax	2,711.75	3,193.49
<b>Net tax liabilities</b>	<b>380.17</b>	<b>323.59</b>

**Note 16. Provisions**

(INR in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Provision for employee benefits</b>		
- Gratuity (Refer Note No 32)	42.77	29.80
- Compensated absence	19.90	17.00
<b>Total</b>	<b>62.67</b>	<b>46.80</b>

**Note 17. Other Non Financial Liabilities**

(INR in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Revenue received in advance;	169.35	-
(b) Others - Statutory remittances (includes Provident Fund, Professional Tax, Tax Deducted at Source)	99.23	183.08
<b>Total</b>	<b>268.58</b>	<b>183.08</b>



AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 18. Share Capital

(INR in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised:</b>				
Equity Shares of ₹ 1/- each	5,25,00,00,000	52,500.00	5,25,00,00,000	52,500.00
<b>Issued, Subscribed and Paid up:</b>				
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
<b>Total</b>	<b>4,97,56,33,325</b>	<b>49,756.33</b>	<b>4,97,56,33,325</b>	<b>49,756.33</b>

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, 2020		Year Ended March 31, 2019	
	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, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Avendus Capital Private Limited, the holding Company, together with its nominees	4,97,56,33,325	100.00%	4,97,56,33,325	100.00%

(d) Matters relating to the Company's objective, policies and processes for managing capital are disclosed under Note No. 32 Capital Management

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AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 19. Other Equity

(INR in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Contribution from Holding Company</b>		
Opening Balance	456.07	68.20
Additions	313.73	387.87
<b>Closing</b>	<b>769.80</b>	<b>456.07</b>
<b>Statutory Reserve</b>		
Opening Balance	1,613.90	506.48
Transfer from retained earnings	839.38	1,107.42
<b>Closing</b>	<b>2,453.28</b>	<b>1,613.90</b>
<b>Securities Premium</b>		
Opening Balance	5,137.71	5,137.71
<b>Closing</b>	<b>5,137.71</b>	<b>5,137.71</b>
<b>General Reserve</b>		
Opening Balance	5.28	5.28
<b>Closing</b>	<b>5.28</b>	<b>5.28</b>
<b>Retained Earnings</b>		
Opening Balance	6,540.99	2,111.30
Profit for the year	4,196.88	5,537.11
Transfer to Statutory reserve	(839.38)	(1,107.42)
<b>Closing</b>	<b>9,898.49</b>	<b>6,540.99</b>
<b>Other comprehensive income - Defined Benefit Plan</b>		
Opening Balance	(1.40)	(0.79)
Movement during the period	10.43	(1.18)
Income Tax on above	(2.62)	0.57
<b>Closing</b>	<b>6.41</b>	<b>(1.40)</b>
	<b>18,270.97</b>	<b>13,752.55</b>

**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.

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AVENDUS FINANCE PRIVATE LIMITED  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 20. Interest income

(INR in lakhs)

Particulars	Year Ended March 31, 2020			Year Ended March 31, 2019		
	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	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total
Interest on Loans	-	13,458.97	1,884.03	-	3,924.29	12,834.71
Interest income from investments	-	-	68.19	-	226.36	226.36
<b>Total</b>	-	<b>13,458.97</b>	<b>1,952.22</b>	<b>8,910.42</b>	<b>4,150.65</b>	<b>13,061.07</b>

**AVENDUS FINANCE PRIVATE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020**

**Note 21. Net gain on fair value changes**

*(INR in lakhs)*

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit and loss account :-		
a) On trading portfolio		
- Investments in mutual funds	1,190.82	891.51
- Investments in bonds and preference shares	287.24	4.03
- On Lending Portfolios	(27.87)	355.17
<b>Net gain/(loss) on fair value changes</b>	<b>1,450.19</b>	<b>1,250.71</b>
Fair Value changes:		
-Unrealised	(61.24)	126.59
-Realised	1,511.43	1,124.12

**Note 22. Other income**

*(INR in lakhs)*

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest on deposits with Banks	7.07	87.38
Miscellaneous Income	4.71	0.49
<b>Total</b>	<b>11.78</b>	<b>87.87</b>

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**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020**

**Note 23. Finance cost**

(INR in lakhs)

Particulars	Year Ended March 31, 2020		Year Ended March 31, 2019		Total
	On Financial Liabilities measured at fair value through profit or loss	On Financial Liabilities measured at Amortised Cost	Total	On Financial Liabilities measured at fair value through profit or loss	
Interest on borrowings	-	3,671.99	3,671.99	-	1,871.16
Interest on debt securities	-	2,301.49	2,301.49	-	1,475.28
<b>Total</b>	-	<b>5,973.48</b>	<b>5,973.48</b>	-	<b>3,346.44</b>

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AVENDUS FINANCE PRIVATE LIMITED  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 24. Impairment losses on financial instruments

(INR in lakhs)

Particulars	Year Ended March 31, 2020			Year Ended March 31, 2019		
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
On Loans	-	1,249.67	1,249.67	-	269.58	269.58
<b>Total</b>	-	<b>1,249.67</b>	<b>1,249.67</b>	-	<b>269.58</b>	<b>269.58</b>

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AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

Note 25. Employee benefits

(INR in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries and wages including bonus	2,049.40	2,183.33
Contribution to provident and other funds	66.57	52.89
Share Based Payments to employees	313.74	387.86
Staff welfare expenses	54.97	46.47
Others		
- Gratuity	23.40	15.64
- Compensated Absences	3.44	8.56
<b>Total</b>	<b>2,511.52</b>	<b>2,694.75</b>

Note 26. Other expenses

(INR in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rent and energy costs	201.81	58.96
Rates and Taxes	186.15	160.53
Repairs and maintenance	17.63	4.15
Communication Costs	10.34	4.55
Printing and stationery	7.72	8.53
Director's fees, allowances and expenses	12.00	13.25
Auditor's fees and expenses (Refer note below)	16.62	13.60
Legal and Professional charges	504.71	453.36
Software Expenses	264.07	67.71
Insurance	16.33	8.49
Travelling and Conveyance	31.99	40.74
Membership fees and Subscription	39.40	19.78
Corporate Social Responsibility Expenses	88.00	20.00
Miscellaneous Expenses	107.71	64.76
<b>Total</b>	<b>1,504.48</b>	<b>938.41</b>

(i) Remuneration to Auditors (including tax wherever applicable):

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) For audit	10.00	10.00
b) For taxation matters	2.00	2.00
c) For others & certification	4.62	1.60
<b>Total</b>	<b>16.62</b>	<b>13.60</b>

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AVENDUS FINANCE PRIVATE LIMITED

Notes to the Financial Statements (continued)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 27

INR in lakhs

Tax expense (A)

(a) Amounts recognised in Statement of Profit and Loss

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Current tax expense</b>		
Current year	1,905.00	2,330.00
	1,905.00	2,330.00
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(430.24)	12.30
	(430.24)	12.30
<b>Tax expense for the year</b>	<b>1,474.76</b>	<b>2,342.30</b>

(b) Amounts recognised in other comprehensive income

Particulars	Year ended 31 March 2020		
	Before tax	Tax (expense)	Net of tax
<b>Items that will not be reclassified to Statement of Profit and Loss</b>			
Remeasurements of the defined benefit plans	10.43	(2.62)	7.81
	10.43	(2.62)	7.81

(c) Reconciliation of effective tax rate

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	5,671.64	7,879.41
Company's domestic tax rate	25.17%	29.12%
<b>Tax using the Company's statutory tax rate</b>	<b>1,427.55</b>	<b>2,294.48</b>
<b>Tax effect of:</b>		
Expenses not allowed under tax	(16.49)	6.09
Income not subject to tax	-	-
Change in tax rate	63.76	9.09
Others	(0.06)	32.64
<b>Total tax expense</b>	<b>1,474.76</b>	<b>2,342.30</b>
<b>Tax expense as per profit and loss</b>	<b>1,474.76</b>	<b>2,342.30</b>

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AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 27

Tax expense (Continued)

(d) Movement in deferred tax balances

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

INR in lakhs

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

Movement in deferred tax balances for the year ended 31 March 2019

Particulars	Net balance 1 April 2018	Recognised in profit or loss credit/(charge)	Recognised in OCI	Net balance 31 March 2019
Difference between carrying amount and tax base of fixed assets	(0.68)	0.72	-	0.04
Provision for Gratuity	3.51	1.05	0.57	5.13
Provision for Leave encashment	2.46	0.03	-	2.49
Fair valuation of mutual funds and debt securities	(0.43)	65.84	-	65.41
Loans	11.24	(79.94)	-	(68.70)
<b>Deferred tax asset/(liabilities)</b>	<b>16.10</b>	<b>(12.30)</b>	<b>0.57</b>	<b>4.37</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

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AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 28

Earnings per share (EPS)		INR in lakhs	
Particulars	31 March 2020	31 March 2019	
<b>1 Profit attributable to ordinary shareholders</b>			
Profit for the year, attributable to ordinary shareholders	4,196.88	5,537.11	
<b>2 Calculation of weighted average number of equity shares - Basic</b>			
Number of shares at the beginning of the year	4,97,56,33,325	4,97,56,33,325	
Weighted average number of equity shares for the year	4,97,56,33,325	4,97,56,33,325	
<b>3 Calculation of weighted average number of equity shares - Diluted</b>			
Number of shares at the beginning of the year	4,97,56,33,325	4,97,56,33,325	
Weighted average number of equity shares for the year	4,97,56,33,325	4,97,56,33,325	
<b>4 Earning per share</b>			
Basic (Rs.)	0.08	0.11	
Diluted (Rs.)	0.08	0.11	
<b>5 Nominal value of shares (Rs.)</b>	1.00	1.00	

Note:

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

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AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 29

Segment information

The Company's business is organised into two segments namely - "Lending Activities and Fee based services" 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 lakhs

Particulars	For the year ended March 31, 2020			
	Business segments		Total	
	Lending Activities and Fee based services	Treasury and Investments		
<b>Segment Revenue</b>				
Income from external customers				
	March 31, 2020	15,367.76	1,553.32	16,921.08
	March 31, 2019	13,927.64	1,209.28	15,136.92
Total Revenue				
	March 31, 2020	15,367.76	1,553.32	16,921.08
	March 31, 2019	13,927.64	1,209.28	15,136.92
Segment result				
	March 31, 2020	4,368.87	1,298.06	5,666.93
	March 31, 2019	6,922.97	955.95	7,878.92
Unallocable income				
	March 31, 2020	-	-	4.71
	March 31, 2019	-	-	0.49
Interest Income				
	March 31, 2020	15,343.00	68.19	15,411.19
	March 31, 2019	12,834.71	226.36	13,061.07
Interest Expense				
	March 31, 2020	5,973.48	-	5,973.48
	March 31, 2019	3,346.44	-	3,346.44
Revenue in India				
	March 31, 2020	15,367.76	1,553.32	16,921.08
	March 31, 2019	13,927.64	1,209.28	15,136.92
Revenue outside India				
	March 31, 2020	-	-	-
	March 31, 2019	-	-	-
Profit before taxes				
	March 31, 2020	-	-	5,671.64
	March 31, 2019	-	-	7,879.41
Tax expense				
	March 31, 2020	-	-	1,474.76
	March 31, 2019	-	-	2,342.30
Net profit for the year				
	March 31, 2020	-	-	4,196.88
	March 31, 2019	-	-	5,537.11

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Particulars	For the year ended March 31, 2020			
	Business segments		Total	
	Lending Activities and Fee based services	Treasury and Investments Activities		
<b>Other Information</b>				
Carrying amount of segment assets				
	March 31, 2020	1,08,917.05	7,077.80	1,15,994.85
	March 31, 2019	90,986.00	18,417.45	1,09,403.45
Unallocated corporate assets				
	March 31, 2020	-	-	12,367.27
	March 31, 2019	-	-	763.16
Total assets				
	March 31, 2020	-	-	1,28,362.12
	March 31, 2019	-	-	1,10,166.61
Carrying amount of segment liabilities				
	March 31, 2020	59,681.62	173.80	59,855.42
	March 31, 2019	46,048.47	102.59	46,151.06
Unallocated corporate Liabilities				
	March 31, 2020	-	-	479.40
	March 31, 2019	-	-	506.67
Total liabilities				
	March 31, 2020	-	-	60,334.82
	March 31, 2019	-	-	46,657.73
Capital expenditure				
	March 31, 2020	27.28	-	27.28
	March 31, 2019	16.04	-	16.04
Depreciation and amortisation				
	March 31, 2020	15.00	-	15.00
	March 31, 2019	8.82	-	8.82
Corporate Assets in India				
	March 31, 2020	1,08,917.05	7,077.80	1,15,994.85
	March 31, 2019	90,986.00	18,417.45	1,09,403.45
Corporate Assets outside India				
	March 31, 2020	-	-	-
	March 31, 2019	-	-	-

**Note:**

**Major Customer**

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

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

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

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 30

Loans / Investments at amortised cost

1.1 Credit quality of assets

INR in lakhs

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Internal rating grade*</b>								
Performing grade	92,566.67	-	-	92,566.67	71,761.33	-	-	71,761.33
Under-performing grade	-	-	-	-	-	-	-	-
Non-performing grade	-	-	-	-	-	-	-	-
<b>Total</b>	<b>92,566.67</b>	<b>-</b>	<b>-</b>	<b>92,566.67</b>	<b>71,761.33</b>	<b>-</b>	<b>-</b>	<b>71,761.33</b>

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

INR in lakhs

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	<b>71,761.33</b>	<b>-</b>	<b>-</b>	<b>71,761.33</b>	<b>47,268.60</b>	<b>-</b>	<b>-</b>	<b>47,268.60</b>
New assets originated (net)	20,805.34	-	-	20,805.34	24,492.73	-	-	24,492.73
Assets derecognised or repaid (excluding write offs) (net)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
<b>Gross carrying amount closing balance</b>	<b>92,566.67</b>	<b>-</b>	<b>-</b>	<b>92,566.67</b>	<b>71,761.33</b>	<b>-</b>	<b>-</b>	<b>71,761.33</b>

Reconciliation of ECL balance is given below:

INR in lakhs

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	<b>288.00</b>	<b>-</b>	<b>-</b>	<b>288.00</b>	<b>18.42</b>	<b>-</b>	<b>-</b>	<b>18.42</b>
Incremental ECL on overall asset book	1,249.67	-	-	1,249.67	269.58	-	-	269.58
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Unwind of discount	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
<b>ECL allowance - closing balance</b>	<b>1,537.67</b>	<b>-</b>	<b>-</b>	<b>1,537.67</b>	<b>288.00</b>	<b>-</b>	<b>-</b>	<b>288.00</b>

\*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
Performing grade	0-30	Stage 1
Under-performing grade	31-90	Stage 2
Non-performing grade	> 90	Stage 3

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 31

Financial instruments - Fair values and risk management

A. Accounting classification and fair values

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

As at March 31, 2020	Carrying Amount			Fair Value			Total	
	Amortised Cost	FVTPL	FVOCI	Level 1	Level 2	Level 3		
<b>Financial assets</b>								
(i) Cash and cash equivalents	11,863.70	-	-	11,863.70	-	-	11,863.70	
(ii) Bank Balance other than Cash and cash equivalents	1,000.14	-	-	1,000.14	-	-	1,000.14	
(iii) Receivables	50.17	-	-	50.17	-	50.17	50.17	
(iv) Loans	91,029.00	17,677.00	-	1,08,706.00	-	1,08,706.00	1,08,706.00	
(v) Investments	-	6,077.66	-	6,074.14	3.52	-	6,077.66	
(vi) Others	29.52	-	-	29.52	-	29.52	29.52	
	<b>1,03,972.53</b>	<b>23,754.66</b>	<b>-</b>	<b>18,937.98</b>	<b>3.52</b>	<b>1,08,785.69</b>	<b>1,27,727.19</b>	
<b>Financial liabilities</b>								
(i) Payables	626.72	-	-	626.72	-	626.72	626.72	
(ii) Debt Securities	21,358.38	-	-	21,358.38	-	21,358.38	21,358.38	
(iii) Borrowings (other than debt securities)	36,409.29	-	-	36,409.29	-	36,409.29	36,409.29	
(iv) Others	1,229.01	-	-	1,229.01	-	1,229.01	1,229.01	
	<b>59,623.40</b>	<b>-</b>	<b>-</b>	<b>59,623.40</b>	<b>-</b>	<b>59,623.40</b>	<b>59,623.40</b>	
<b>As at March 31, 2019</b>								
<b>Particulars</b>	<b>Amortised Cost</b>	<b>FVTPL</b>	<b>FVOCI</b>	<b>Total carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>								
(i) Cash and cash equivalents	703.48	-	-	703.48	703.48	-	-	703.48
(ii) Bank Balance other than Cash and cash equivalents	-	-	-	-	-	-	-	-
(iii) Receivables	754.17	-	-	754.17	-	754.17	-	754.17
(iv) Loans	71,473.33	18,683.77	-	90,157.10	-	90,157.10	-	90,157.10
(v) Investments	-	18,417.45	-	18,417.45	13,735.38	4,682.07	-	18,417.45
(vi) Others	5.00	-	-	5.00	-	-	5.00	5.00
	<b>72,935.98</b>	<b>37,101.22</b>	<b>-</b>	<b>1,10,037.20</b>	<b>14,438.86</b>	<b>4,682.07</b>	<b>90,916.27</b>	<b>1,10,037.20</b>
<b>Financial liabilities</b>								
(i) Payables	1,008.04	-	-	1,008.04	-	-	1,008.04	1,008.04
(ii) Debt Securities	18,330.23	-	-	18,330.23	-	-	18,330.23	18,330.23
(iii) Borrowings (other than debt securities)	26,538.28	-	-	26,538.28	-	-	26,538.28	26,538.28
(iv) Others	227.71	-	-	227.71	-	-	227.71	227.71
	<b>46,104.26</b>	<b>-</b>	<b>-</b>	<b>46,104.26</b>	<b>-</b>	<b>-</b>	<b>46,104.26</b>	<b>46,104.26</b>

**A VENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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

**B. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

**i. Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans given to Customers and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

**a. Trade receivables and Loans given**

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 and loans wherever required and monitors the same at periodic intervals.

Credit risk from trade receivables and loans is managed through the Company's policies, procedures and controls relating to customer credit risk management by establishing credit limits, credit approvals and monitoring creditworthiness of the customers to which the Company extends credit in the normal course of business. Outstanding customer loans are regularly monitored.

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

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

**AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	Gross carrying amount as at	
	31 March 2020	31 March 2019
Not past due	-	-
Past due 1-180 days	41.90	746.75
More than 180 days	9.30	12.70
Less: Expected Credit Loss	(1.03)	(5.28)
	<u>50.17</u>	<u>754.17</u>

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

Particulars	Carrying amount as at		
	31 March 2020	31 March 2019	
	Individual	Collective	Collective
Opening Balance of Loan	68,410.18	3,351.15	-
Add :- Disbursement of Loan	60,371.74	22,611.70	67,479.08
Less :- Repayment of Loan	45,489.00	16,689.10	-
Closing Balance of Loan	83,292.92	9,273.75	68,410.18
Less :- Impairment	1,530.76	6.91	274.60
<b>Net Loans</b>	<b>81,762.16</b>	<b>9,266.84</b>	<b>68,135.58</b>
			<b>3,337.75</b>

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

	31 March 2020	31 March 2019
Opening Balance	288.00	18.42
Add: Provisions made during the year on disbursements	1,249.67	269.93
Less : Write-off / write-back of excess provisions during the year	-	0.35
<b>Closing Balance</b>	<b>1,537.67</b>	<b>288.00</b>

**b. Cash, cash equivalents and other bank balances**

The Company held cash and cash equivalents and other bank balances of Rs. 11,863.70 lakhs at 31 March 2020 (31 March 2019: Rs. 703.48 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties 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 THE YEAR ENDED MARCH 31, 2020**

31 March 2020	Gross carrying amount	Total	Contractual Cashflows		
			Up to 1 Year	1 - 5 Years	More than 5 Years
<b>Non derivative financial liabilities</b>					
Payables	626.72	626.72	626.72	-	-
Debt Securities	22,918.17	22,918.17	11,469.26	11,248.91	-
Borrowings (Other than debt securities)	34,849.50	34,849.50	12,868.94	21,980.56	-
Other financial liabilities	1,229.01	1,229.01	1,229.01	-	-
<b>Total</b>	<b>59,623.40</b>	<b>59,623.40</b>	<b>26,393.93</b>	<b>33,229.47</b>	<b>-</b>
<b>31 March 2019</b>	<b>Gross carrying amount</b>	<b>Total</b>	<b>Contractual Cashflows</b>		
			<b>Up to 1 Year</b>	<b>1 - 5 Years</b>	<b>More than 5 Years</b>
<b>Non derivative financial liabilities</b>					
Payables	1,008.04	1,008.04	1,008.04	-	-
Debt Securities	18,330.23	18,330.23	7,628.86	10,701.37	-
Borrowings (Other than debt securities)	26,538.28	26,538.28	5,237.28	21,301.00	-
Other financial liabilities	227.71	227.71	227.71	-	-
<b>Total</b>	<b>46,104.26</b>	<b>46,104.26</b>	<b>14,101.89</b>	<b>32,002.37</b>	<b>-</b>

(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 2020. (31st March 2019 - 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**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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

Particulars	INR in lakhs	
	31 March 2020	31 March 2019
<b>Fixed rate instruments</b>		
Financial assets	65,249.50	28,607.48
Financial liabilities	21,358.38	10,701.37
	43,891.12	17,906.11
<b>Variable rate instruments</b>		
Financial assets	44,994.17	43,153.85
Financial liabilities	36,409.29	34,167.14
	8,584.88	8,986.71

**Cash flow sensitivity analysis for variable rate instruments**

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

Particulars	Profit or (Loss)	
	100 bps increase	100 bps decrease
<b>31 March 2020</b>		
Variable rate instruments	85.85	(85.85)
Cash flow sensitivity	85.85	(85.85)
<b>31 March 2019</b>		
Variable rate instruments	89.87	(89.87)
Cash flow sensitivity	89.87	(89.87)

**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, 2018)	13,845.99
Net change in fair value	355.17
Purchases	4,482.61
Reclassified	-
Repayments	-
<b>Closing Balance (March 31, 2019)</b>	<b>18,683.77</b>
Opening Balance(April 1, 2019)	18,683.77
Net change in fair value	(27.87)
Purchases	7,800.00
Reclassified	(7,621.90)
Repayments	(1,157.00)
<b>Closing Balance (March 31, 2020)</b>	<b>17,677.00</b>

**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.

Assumptions	March 31, 2020		March 31, 2019	
	Profit or loss	Decrease	Profit or loss	Decrease
Discount rate	22.50%	19.50%	2.13	25.83
			(1.87)	(25.17)
<b>Significant unobservable inputs</b>				

**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH**  
**31, 2020**

Note 32  
Employee benefits INR in lakhs

**A. Defined Contribution Plans**  
**Contribution to Provident fund, Employee State Insurance and any other funds**  
Amount of Rs 66.57 lakhs (March 31, 2019: Rs 52.89 lakhs) is recognised as an expense and included in "Employee benefits" (refer note.25) in the Statement of Profit and Loss.

**B. Defined Benefit Plans**  
**Gratuity**  
The gratuity benefit payable to the employees of the Company is as per the provisions of the Payment of Gratuity Act, 1972, as amended. Under the gratuity plan, every employee who has completed at least 5 years of service gets gratuity on separation or at the time of superannuation calculated for equivalent to 15 days salary for each completed year of service calculated on last drawn basic salary.  
The Company does not have a fund plan for gratuity liability

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

	31 March 2020	31 March 2019
<b>i. Reconciliation of present value of defined benefit obligation</b>		
Defined benefit obligation at the beginning of the year	29.80	12.19
Current service cost	21.18	14.72
Past service cost	-	-
Interest cost	2.23	0.92
Liability Transferred (Out)/ (Divestments)	-	-
Liability Transferred In/ Acquisitions	-	-
Actuarial (gains) / losses recognised in Other Comprehensive Income	-	-
arising from changes in financial assumptions	(10.82)	0.28
arising from changes in demographic assumptions	-	-
arising on account of experience changes	0.39	1.69
Benefits paid directly by the company	-	-
<b>Defined benefit obligation at the end of the year</b>	<b>42.78</b>	<b>29.80</b>
<b>ii. Amount recognised in Balance</b>		
Defined benefit obligation	(42.77)	(29.80)
Fair value of plan assets	-	-
<b>Net defined benefit (obligation)/assets</b>	<b>(42.77)</b>	<b>(29.80)</b>
<b>iii. Expense recognised in the Statement of Profit and Loss</b>		
<b>(i) Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	21.18	14.72
Past service cost	-	-
Interest cost	2.23	0.92
	<b>23.41</b>	<b>15.64</b>
<b>(ii) Expense recognised in the Other comprehensive income</b>		
Actuarial (gains) losses on defined benefit obligations	(10.82)	0.28
- arising from changes in financial assumptions	-	-
- arising from changes in demographic assumptions	0.39	1.69
- arising on account of experience changes	<b>(10.43)</b>	<b>1.97</b>

**iv. Actuarial assumptions**

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

	31 March 2020	31 March 2019
<b>Financial assumptions</b>		
Discount rate	6.82%	7.47%
Salary escalation	7.00%	10.00%
Employee turnover	8.00%	8.00%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Assumptions regarding future mortality are based on published Statistics & Mortality tables. The calculation of death benefit obligation is sensitive to the mortality assumptions. The Company expects Rs 23.40 lakhs in 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 2020	31 March 2019
<b>Quantitative sensitivity analysis for significant assumptions is as below:</b>		
(increase)/decrease on present value of defined benefit obligation at the end of the year		
(i) One percent point increase in discount rate	(3.73)	(2.93)
(ii) One percent point decrease in discount rate	4.30	3.40
(iii) One percent point increase in rate of salary increase	4.25	3.28
(iv) One percent point decrease in rate of salary increase	(3.76)	(2.89)
(v) One percent point increase in employee turnover	(1.11)	(1.36)
(vi) One percent point decrease in employee turnover	1.14	1.45

**Maturity Analysis of the Benefit Payments: From the Employer**

Reporting	31 March 2020	31 March 2019
<b>Projected Benefits Payable in Future Years From the Date of</b>		
1st Following Year	0.12	0.07
2nd Following Year	0.83	0.08
3rd Following Year	2.29	0.63
4th Following Year	3.53	1.66
5th Following Year	3.97	2.52
Sum of Years 6 To 10	27.52	21.43
Sum of Years 11 and above	53.29	49.61

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 33  
Capital management

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 2020	31 March 2019
Debt securities	21,358.38	18,330.73
Borrowings (Other than Debt Securities)	36,409.29	26,538.28
Other Financial Liabilities	1,229.01	227.71
Gross debt	58,996.68	45,096.72
Less - Cash, cash equivalents & Other bank balances	12,863.84	703.48
Adjusted net debt	46,132.84	44,393.24
Total equity	68,027.30	63,588.88
Adjusted net debt to equity ratio	0.68	0.70

Note 34  
I. Capital Commitments

Particulars	31 March 2020	31 March 2019
1. Estimated amount of contracts remaining to be executed on Intangible assets (Net of capital advance)	1.73	-
2. Estimated amount of contracts remaining to be executed on Tangible assets	3.21	-

II. Other Commitments

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

Note 35  
Corporate Social responsibility

a) Gross amount required to be spent by the Company during the year for Corporate Social Responsibility (CSR) - Rs.87.87 lakhs; (Previous year Rs. 27.06 lakhs)

b) Following are the details of amount spent during the year for CSR:

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

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**AVENDUS FINANCE PRIVATE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Note 36**

**EMPLOYEE STOCK COMPENSATION :**

- (i) As approved by the Shareholders of the Avendus Capital Private Limited ("Holding Company") on December 23, 2016, May 9, 2018 and September 10, 2018; the company has granted stock options under the Employees Stock Option Scheme I 2016 (ESOP 2016) Employee Stock Option Scheme, 2018 (ESOP 2018 I) & Employee Stock Option Scheme II, 2018 (ESOP 2018 II) respectively.
- (ii) The holding company had reserved a total of 73,331 equity shares of the holding Company (March 31, 2019: 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	1.16 Years	1.69 Years	2.69 Years	3.69 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, 2020	As at March 31, 2019
Opening Balance	5,064	10,756
Granted during the year	NIL	NIL
Exercised during the year	NIL	5692
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, 2020

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	1.50 years	2.50 years	3.50 years	4.51 years	5.51 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, 2020	As at March 31, 2019
Opening Balance	50,385	NIL
Granted during the year	NIL	50,385
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	7,304	NIL
Forfeited during the year	NIL	NIL
Closing Balance	43,081	50,385

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	

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Type of Arrangement	ESOP 2018 II			
	Tranche I	Tranche II	Tranche III	Tranche IV
Grant Date	28 September 2018	28 September 2018	28 September 2018	28 September 2018
No. of Options granted	1,876	3,438	3,438	3,438
Exercise Price	4994.42	4994.42	4994.42	4994.42
Contractual Life	5 years	5.01 years	6.01 years	7.01 years
Vesting Period	Over a period of 1 year from the date of grant	Over a period of 1.51 years from the date of grant	Over a period of 2.51 years from the date of grant	Over a period of 3.51 years from the date of grant
Weighted average remaining contractual life	3.50 years	3.50 years	4.51 years	5.51 years
Method of Settlement	Equity	Equity	Equity	Equity
Fair Value of the option (Rs.)	1,329.44	1,595.53	1,820.76	2,006.50

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

Particulars	ESOP 2018 II	
	As at March 31, 2020	As at March 31, 2019
Opening Balance	NIL	NIL
Granted during the year	12,190	12,190
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	NIL	NIL
Forfeited during the year	NIL	NIL
Closing Balance	12,190	12,190

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

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

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

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AVENDUS FINANCE PRIVATE LIMITED  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 37 RELATED PARTY TRANSACTIONS

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

Sr.	Description of relationship	Names of related parties
1	Holding Company	Avendus Capital Private Limited
2	Fellow Subsidiary	Avendus Wealth Management Private Limited
3	Fellow Subsidiary	Avendus PE Investment Advisors Private Limited
4	Fellow Subsidiary	Avendus Capital Alternate Strategies Private Limited
5	Key Managerial Personnel	Sandeep Thapliyal- Managing Director & CEO
6	Key Managerial Personnel	Kaushal Kumar Aggarwal - Non Executive Director
7	Key Managerial Personnel	Ranu Vohra - Non Executive Director
8	Key Managerial Personnel	Pijush Sinha - Non Executive Director
9	Key Managerial Personnel	Deba Prasad Roy- Independent Director (Date of Appointment: 30-12-2019)
10	Key Managerial Personnel	Nitin Singh-Whole Time Director (Date of Appointment: 04-03-2020)
11	Key Managerial Personnel	Padmaja Ruparel- Independent Director (Date of Appointment: 27-02-2020)
12	Key Managerial Personnel	Suresh Shankar Menon - Independent Director
13	Key Managerial Personnel	George Mitra Whole Time Director (Date of Resignation: 31-12-2019)
14	Key Managerial Personnel	Sameer Vasudev Kamath (Date of Appointment: 13-11-2019)
15	Key Managerial Personnel	Parimal Deuskar - Company Secretary (Date of Resignation: 12-07-2019)
16	Key Managerial Personnel	Radhika Parmanandka - Company Secretary (Date of Appointment: 12-07-2019)

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INR in lakhs

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

Particulars	Aventus Capital Private Limited	Aventus Wealth Management Private Limited	Aventus PE Investment Advisors Private Limited	Aventus Capital Alternate Strategies	Key Managerial Personnel	Total
<b>Transactions during the year</b>						
<b>Remuneration Paid *</b>						
Mar-20					404.66	404.66
Mar-19	-	-	-	-	547.31	547.31
<b>Purchase of Investments</b>						
Mar-20						0.00
Mar-19	332.61	-	-	-	-	332.61
<b>Reimbursement of Expenses</b>						
Mar-20	883.00			-		883.00
Mar-19	655.00	-	-	0.11	-	655.11
<b>Consultancy Fees- Expenses</b>						
Mar-20		255.08				255.08
Mar-19	-	248.49	-	-	-	248.49
<b>Advisory Fees</b>						
Mar-20			16.54			16.54
Mar-19	-	-	16.54	-	-	16.54
<b>Distribution Fees</b>						
Mar-20		185.50				185.50
Mar-19		-				-
<b>Balances outstanding at the end of the year</b>						
<b>Creditors - Reimbursement</b>						
Mar-20	683.64	173.80		0.11		857.55
Mar-19	125.00	102.60	-	0.11	-	227.71
<b>Receivables</b>						
Mar-20			44.00			44.00
Mar-19	-	-	24.81	-	-	24.81

\* 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.

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 38 Maturity Analysis of Assets and Liabilities

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

		31-Mar-20			31-Mar-19		
Assets		Within 12 month	After 12 Months	Total	Within 12 month	After 12 Months	Total
(1)	<b>Financial Assets</b>						
(a)	Cash and cash equivalents	11,863.70	-	11,863.70	703.48	-	703.48
(b)	Bank Balance other than (a) above	1,000.14	-	1,000.14	-	-	-
(c)	Receivables						
	(i) Trade Receivables	50.17	-	50.17	754.17	-	754.17
(d)	Loans	29,883.24	78,822.76	1,08,706.00	17,440.22	72,716.88	90,157.10
(e)	Investments	6,077.66	-	6,077.66	18,417.45	-	18,417.45
(f)	Other Financial assets	29.52	-	29.52	-	5.00	5.00
(2)	<b>Non-Financial Assets</b>						
(a)	Current tax assets (net)	-	78.48	78.48	-	0.19	0.19
(b)	Deferred Tax Assets (Net)	-	431.99	431.99	-	4.37	4.37
(c)	Property, Plant and Equipment	-	32.83	32.83	-	21.48	21.48
(c)	Other non-financial assets	20.05	71.58	91.63	48.06	55.31	103.37
	<b>Total Assets</b>	<b>48,924.48</b>	<b>79,437.64</b>	<b>1,28,362.12</b>	<b>37,363.38</b>	<b>72,803.23</b>	<b>1,10,166.61</b>
<b>Liabilities and Equity</b>							
	<b>Liabilities</b>						
(1)	<b>Financial Liabilities</b>						
(a)	Payables						
	Trade Payables						
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small	626.72	-	626.72	1,008.04	-	1,008.04
(b)	Debt securities	10,834.63	10,523.75	21,358.38	7,628.86	10,701.37	18,330.23
(c)	Borrowings (Other than Debt Securities)	15,363.71	21,045.58	36,409.29	5,237.06	21,301.22	26,538.28
(d)	Other financial liabilities	1,229.01	-	1,229.01	227.71	-	227.71
(2)	<b>Non-Financial Liabilities</b>						
(a)	Current tax liabilities (Net)	380.17	-	380.17	323.59	-	323.59
(b)	Provisions	19.90	42.77	62.67	46.80	-	46.80
(c)	Deferred tax liabilities (Net)	-	-	-	-	-	-
(d)	Other non-financial liabilities	268.58	-	268.58	183.08	-	183.08
	<b>Total Liabilities (A)</b>	<b>28,722.72</b>	<b>31,612.10</b>	<b>60,334.82</b>	<b>14,655.14</b>	<b>32,002.59</b>	<b>46,657.73</b>
(3)	<b>Equity</b>						
(a)	Equity share capital	-	49,756.33	49,756.33	-	49,756.33	49,756.33
(b)	Other equity	-	18,270.97	18,270.97	-	13,752.55	13,752.55
	<b>Total Equity (B)</b>	<b>-</b>	<b>68,027.30</b>	<b>68,027.30</b>	<b>-</b>	<b>63,508.88</b>	<b>63,508.88</b>
	<b>Total Liabilities and Equity (A+B)</b>	<b>28,722.72</b>	<b>99,639.40</b>	<b>1,28,362.12</b>	<b>14,655.14</b>	<b>95,511.47</b>	<b>1,10,166.61</b>

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 39 Schedule to the Balance Sheet of a Non-deposit taking financial company as on March 31, 2020  
(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, 2020		As at March 31, 2019		
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue	
1	<b>Liabilities side</b> Loans and advances availed by the Non-banking financial company inclusive of interest accrued thereon but not paid						
a	Debtors:						
	Secured	21,358.38	-	15,776.77	-	-	
	Unsecured (Other than falling within the meaning of public deposits)	-	-	-	-	-	
b	Deferred Credits	-	-	-	-	-	
c	Term Loans	30,000.38	-	26,538.28	-	-	
d	Inter - corporate loans and borrowings	-	-	-	-	-	
e	Commercial paper	-	-	2,533.46	-	-	
f	Other Loans - Cash Credit from Bank	2,408.91	-	-	-	-	
2	<b>Assets side</b> Break-up of Loans and Advances including bills (other than those included in (3) below) :						
a	Secured	1,06,237.53	-	86,880.57	-	-	
b	Unsecured	2,468.47	-	3,276.53	-	-	
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	Reposessed Assets	-	-	-	-	
iii	Other loans counting towards AFC activities						
	a	Loans where assets have been reposessed	-	-	-	-	
	b	Loans other than (a) above	-	-	-	-	
4	Break up of Investments Current Investments						
1	Quoted						
	i	Shares	-	-	-	-	
		Equity	-	-	-	-	
		Preference	3.52	-	24.12	-	
	ii	Debtures and Bonds	-	-	-	-	
	iii	Units of mutual funds	-	-	-	-	
	iv	Government Securities	-	-	-	-	
	v	Others (please specify)	-	-	-	-	
2	Unquoted						
	i	Shares	-	-	-	-	
		Equity	-	-	-	-	
		Preference	-	-	-	-	
	ii	Debtures and Bonds	-	-	-	-	
	iii	Units of mutual funds	6,074.14	-	1,540.13	-	
	iv	Government Securities	-	-	-	-	
	v	Others (please specify)	-	-	-	-	

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5	Borrower groups-wise classification of assets financed as in (2) and (3) above	Amount net of provisions			Amount net of provisions		
		Unsecured		Total	Unsecured		Total
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Category Related Parties a Subsidiaries b Companies in the same group c other related parties	-	-	-	-	-	-
2	Other than related parties	1,06,237.53	2,468.47	1,08,706.00	86,893.46	3,263.64	90,157.10
	<b>Total</b>	<b>1,06,237.53</b>	<b>2,468.47</b>	<b>1,08,706.00</b>	<b>86,893.46</b>	<b>3,263.64</b>	<b>90,157.10</b>
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	6,077.66	-	-	18,417.45	-	-
7	Other Information						
	Gross Non - performing Assets						
	a Related parties	-	-	-	-	-	-
	b Other than related parties	-	-	-	-	-	-
	ii Net Non - performing Assets						
	a Related parties	-	-	-	-	-	-
	b Other than related parties	-	-	-	-	-	-
	iii Assets acquired in satisfaction of debt						

**Note 40** There are no restructuring of advances during the current and previous year. Thus, 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 as amended from time to time is not applicable.

**Note 41** 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 as amended from time to time.

INR in lakhs

**41.1 Capital**

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%)	59.82%	58.23%
CRAR - Tier I Capital (%)	58.48%	57.97%
CRAR - Tier II Capital (%)	1.34%	0.26%
Amount of subordinated debt raised as Tier-II Capital (₹)	-	-
Amount raised by issue of Perpetual Debt Instruments (₹)	-	-

**41.2 Investments**

Particulars	As at March 31, 2020	As at March 31, 2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	6,077.66	18,678.05
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	260.60
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	6,077.66	18,417.45
(b) Outside India	-	-
(2) Movement of Provisions held towards depreciation on Investments		
(i) Opening balance	260.60	14.25
(ii) Add: Provisions made during the year	-	246.35
(iii) Less: Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	260.60	260.60

**41.3 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 2020 and 31 March 2019 .

**41.4 Securitisation**

The Company has not entered into any Securitisation transactions during the financial year ended 31 March 2020 and 31 March 2019 .

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AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

INR in lakhs

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	Grand Total
Deposits	-	-	-	-	-	-	-	-	-	-
Advances	1,938.87	873.14	3,894.46	5,673.60	17,503.17	60,597.08	18,225.68	-	1,08,706.00	1,08,706.00
Investments	6,077.66	-	-	-	-	-	-	-	6,077.66	6,077.66
Borrowings	3,384.04	403.33	1,679.31	14,133.64	6,598.02	30,456.55	1,112.78	-	57,767.67	57,767.67
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31 March 2019

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	Grand Total
Deposits	-	-	-	-	-	-	-	-	-	-
Advances	1,456.14	886.09	3,996.29	4,156.47	6,945.23	46,036.69	26,170.19	510.00	90,157.10	90,157.10
Investments	4,682.07	-	13,735.38	-	-	-	-	-	18,417.45	18,417.45
Borrowings	-	-	2,591.84	878.79	9,395.29	28,605.81	3,396.78	-	44,868.51	44,868.51
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

**Note:**  
 1) The above statement includes only certain items of assets and liabilities (as stipulated in Para 3.5 of Annexure xiv of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended and therefore does not reflect the complete asset liability maturity pattern of the Company.  
 2) In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission which have been relied upon by the Auditors.

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AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

41.6 Exposures

A. Exposure to Real Estate Sector

INR in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
<b>a) Direct Exposure</b>		
<b>(i) Residential Mortgages -</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,445.56	1,763.00
<b>(ii) Commercial Real Estate -</b>		
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.	Nil	Nil
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential,	Nil	Nil
b. Commercial Real Estate	Nil	Nil
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

B. Exposure to Capital Market

Particulars	As at March 31, 2020	As at March 31, 2019
(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;	-	-
(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;	-	-
(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;	14,161.25	10,578.00
(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;	-	-
(vi) bridge loans to companies against expected equity flows / issues;	-	-
(vii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>14,161.25</b>	<b>10,578.00</b>

C) Details of financing parent company products as at 31 March 20 - Nil (Previous year - Nil)

D) Borrower Limit (SGL)/ Group Borrower Limit (GBL)

During the year, the Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulation:

E) Unsecured Advances as at 31 March 20 - Rs 2468.47 lakhs (Previous Year 3276.53 lakhs)

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41.7 Miscellaneous Details

INR in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(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- Long term	CRISIL A+/STABLE	CRISIL A+/ Stable
(b) Non- Convertible Debentures- Short term	Nil	CRISIL A1+
(c) Bank Loan Long term	ACUITE AA-/STABLE , CRISIL A+/STABLE	CRISIL A+/ Stable
(d) Principal Protected Market Linked Debentures	CRISIL A+r/STABLE	Nil
(e) Commercial Paper	CRISIL A1+/Stable	CRISIL A1+/Stable
(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

41.8 Additional Disclosure

A) Provision and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	As at March 31, 2020	As at March 31, 2019
Provisions for Depreciation on Investment	-	246.35
Provision towards NPA	-	-
Provision made towards Income tax	1,905.00	2,330.00
<u>Other Provisions and Contingencies:</u>		
-Provision for Gratuity	23.40	15.64
-Provision for Compensated absences	3.44	8.56
Contingent Provision against standard assets	1,249.67	269.58

B) Draw Down from Reserves is Nil as at 31 March 20 (Previous year Nil)

41.9 Concentration of Advances, Exposures and NPAs

A) Concentration of Advances

Particulars	As at March 31, 2020	As at March 31, 2019
Total Advances to twenty largest borrowers	88,349.28	84,368.47
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	80.14%	94.13%

B) Concentration of Exposures

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	88,349.28	84,368.47
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	80.10%	93.34%

C) Concentration of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	-	-

D) Sector-wise NPAs

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Sector	Percentage of NPAs to Total Advances in that sector
Agriculture & allied activities	-
MSME	-
Corporate borrowers	-
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	-

#### 41.10 Movement of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Net NPAs to Net Advances (%)	-	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
(a) Opening balance	-	-
(b) Provisions made during the year	-	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	-	-

41.11 Overseas Assets for those Joint venture and Subsidiaries abroad as at 31 March 2020 - Nil (Previous Year - Nil)

41.12 Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as at 31 March 2020 - Nil (Previous Year - Nil)

#### 41.13 Disclosure of Complaints

Particulars	As at March 31, 2020	As at March 31, 2019
(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	-	-

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Disaggregated revenue from operations based on Ind AS 115 INR in lakhs

Particulars	31-Mar-20	31-Mar-19
Based on service type		
<b>Fees and Commission Income</b>	52.63	656.61
<b>Based on geography</b>		
Within India	52.63	656.61
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**

Contract Assets	31-Mar-20	31-Mar-19
Trade receivables	56.48	759.45
Less : Impairment loss allowance	(6.31)	(5.28)
<b>Net Trade Receivables</b>	<b>50.17</b>	<b>754.17</b>

**Note 43 Changes in Accounting Policies - Transition to Ind AS 116**

Ministry of corporate Affairs has notified Ind AS 116 "Leases" which is effective from 01st April, 2019. Pursuant to this, the company has applied this standard to all lease contracts existing on 01st April, 2019 using the retrospective approach with the cumulative effect at the date of initial application. The Company has evaluated its arrangements which qualifies to be a lease as per the requirements of Ind AS 116. The Company has assessed its lease term (including anticipated renewals) and discount rate. All such lease arrangements are in the nature of short term leases that have a lease term of 12 months or less. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at 01st April, 2019 with no restatement of comparative information, Nil Right of Use assets and Nil lease liability. The new accounting policy is disclosed in note no 1.3.

Cash outflow for leases for the year ended March 31, 2020 is Rs 104.47 lakh

Expense of Rs. 104.47 lakh relating to short term leases and leases of low-value assets for the year ended March 31, 2020 is included in "Rent and energy cost" of Note 26 "Other Expenses"

**Note 44 Disclosure u/s. 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	As at March 31, 2020	As at March 31, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	-	-
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	-	-

Note 45 Public disclosure on liquidity risk (Pursuant to Liquidity Risk Framework Clause ix)

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

Sr. No.	Number of Significant Counterparties	2019-20		
		Amount	% of Total deposits	% of Total Liabilities
1	Kotak Bank Ltd. (Mutual Fund)	10,834.63	-	17.96%
2	Kotak Mahindra Bank	7,814.92	-	12.95%
3	AU Finance Bank	4,205.49	-	6.97%
4	IDFC First Bank	4,167.98	-	6.91%
5	DCB Bank Ltd	3,999.70	-	6.63%
6	TATA Capital Financial Services Ltd	4,018.59	-	6.66%
7	HDFC Bank	3,851.56	-	6.38%
8	HDFC Cash Credit	2,408.91	-	3.99%
9	Federal Bank	3,600.00	-	5.97%
10	Catholic Syrian Bank	2,342.14	-	3.88%
11	Other (HNI), Corporates, Family Offices, HNI	10,523.75	-	17.44%

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

Sr. No.	Particulars	As at 31st March 2020
1	Not Applicable	

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

Sr. No.	Particulars	As at 31st March 2020	
		Amount	% of Total Borrowings
1	Kotak Bank Ltd. (Mutual Fund)	10,834.63	18.76%
2	Market Linked Debentures	10,523.75	18.22%
3	Kotak Mahindra Bank	7,814.92	13.53%
4	AU Finance Bank	4,205.49	7.28%
5	IDFC First Bank	4,167.98	7.22%
6	TATA Capital Financial Services Ltd	4,018.59	6.96%
7	DCB Bank Ltd	3,999.70	6.92%
8	HDFC Bank	3,851.56	6.67%
9	Federal Bank	3,600.00	6.23%
10	HDFC Cash Credit	2,408.91	4.17%

(iv) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	2019-20	
		Amount	% of Total
1	Non - Convertible Debentures	21,358.38	35.40%
2	Long Term Loan	34,000.38	56.35%
3	Short Term Loan (Cash Credit)	2,408.91	3.99%

(v) Stock Ratios: As at March 31, 2020

(a)	Commercial papers as a % of total public funds, total liabilities and total assets	NIL
(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	272.91%
ii)	Short-term liability as a % of total liabilities	47.61%
iii)	Short-term liability as a % of total assets	22.38%

(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 THE YEAR ENDED MARCH 31, 2020

Note 46 Disclosure on Asset Classification as per RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20

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
Performance Asset						
Standard	Stage 1 Stage 2	1,10,243.67	1,537.67	1,08,706.00	440.97	1,096.70
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	-	-	-	-	-
<b>Subtotal for Doubtful</b>		-	-	-	-	-
Loss	Stage-3	-	-	-	-	-
<b>Subtotal for NPA</b>		-	-	-	-	-
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		-	-	-	-	-
<b>Subtotal</b>		-	-	-	-	-
<b>Total</b>	Stage-1 Stage-2 Stage-3 <b>Total</b>	1,10,243.67 - - 1,10,243.67	1,537.67 - - 1,537.67	1,08,706.00 - - 1,08,706.00	440.97 - - 440.97	1,096.70 - - 1,096.70

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**Note 47 Disclosure as per RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20**

Covid-19 Regulatory Package - Asset classification and Provisioning

Particulars	2019-20 Amount (Rs. In lakhs)
Amounts in SMA/overdue Accounts where Moratorium/ defferement was granted	-
Amounts where asset Classification benefits is extended	-
Provision made during the Q4 FY 2020 in terms of Paragraph 5 of RBI Directions	N.A.
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of Para 6 of RBI Directions	N.A.

**Note 48** The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian Financial Markets and slowdown in the economic activities. The RBI has issued guidelines relating to Covid-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020 in accordance therewith, the Company has offered a moratorium on the payment of installments falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. For all such accounts classified as standard and overdue as on February 29, 2020 where the moratorium is granted, the asset classification, both as per the RBI's income recognition and asset classification norms and for determining the staging of such assets to determine the expected credit loss allowance as per the policy approved by the Board of Directors of the Company, will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of the asset classification as per the policy).

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, borrowers and industry. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on the current estimates. In assessing the recoverability of assets such as loans, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets.

The extent to which COVID-19 pandemic will impact the Company's financial results will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and financial position and the Company will continue to closely monitor any material changes to future economic conditions.

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**AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Note 49 Employee Benefits expenses amounting to Rs 540.36 lakhs (Previous Year Rs 455.59 lakhs) included in Note 25 and Other Expenses amounting to Rs 342.64 lakhs (Previous Year Rs 199.41 lakhs) included in Note 26 is reimbursement made to Group Companies towards the value of costs apportioned in accordance with the Master Cost sharing agreement.

Note 50 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**Signatures to Notes to the Financial Statements**

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



**Sandeep Thapliyal  
Managing Director & CEO  
(DIN : 07645620)  
Place : Delhi**



**Kaushal Aggarwal  
Director  
(DIN : 00153487)  
Place : Mumbai**



**Sameer Kamath  
Chief Financial Officer  
Place : Mumbai**



**Radhika Parmanandka  
Company Secretary  
Place : Mumbai**

**Date : June 27, 2020**

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