

August 09, 2023

BSE Limited  
General Manager  
Department of Corporate Services  
Floor 25, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001

Scrip Code: 959884, 960488, 973375, 973644 & 973771

Sub: Intimation about Annual General Meeting under Regulation 50(2) and submission of Annual Report under Regulation 53(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Dear Sir / Madam,

This is to inform you that, the Twenty-Seventh Annual General Meeting of Avendus Finance Private Limited is scheduled to be held on Thursday, August 31, 2023 at IST 2 p.m., through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs (MCA), as amended, and the Securities and Exchange Board of India (SEBI) to consider the matters as set out in the Notice of Annual General Meeting, copy of which is enclosed as Annexure A.

Further pursuant to Regulation 53(2) of SEBI Listing Regulations, enclosed please find herewith the Annual Report of the Company for Financial Year 2022-23 as Annexure B.

The Notice and Annual Report are also available on the Company's website at [www.avendus.com](http://www.avendus.com)

Request you to take the above information on record.

Thanking You,

Yours faithfully,

For **Avendus Finance Pvt. Ltd.**

**Rajendra Rana**  
Authorised Signatory  
Encl: As above

Annexure A

NOTICE

To  
The Members  
Aventus Finance Private Limited  
CIN: U65921MH1996PTC251407  
Mumbai

Notice is hereby given that the Twenty-Seventh Annual General Meeting of the Members of Aventus Finance Private Limited ("The Company") will be held on Thursday, August 31, 2023 at IST 2 p.m. through video conferencing at the Registered office of the Company situated at '901, Platina, 9<sup>th</sup> Floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai-400 051 for the purpose of transacting the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt Audited Annual Financial Statements of the Company for financial year ended March 31, 2023 together with the reports of the Board of Directors and the Auditors thereon; and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Annual Financial Statements of the Company for Financial Year Ended March 31, 2023, and the report of the Auditors and Directors' thereon, as laid before the Members, be and are hereby approved and adopted."

**SPECIAL BUSINESS:**

2. To consider and approve amendment to Articles of Association of the Company and pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force) read with applicable rules framed there under, applicable provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (including any statutory amendment(s), modification(s) or reenactment( s) thereof, for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other laws and regulations as may be applicable from time to time, consent of the members of the Company be and is hereby accorded, to amend the Articles of Association of the Company by inserting the following new Article 56(A) after Article 56:"

*"Article 56 of this Articles of Association shall be subject to the provisions of the Companies Act 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended, from time to time and such*

*other rules and regulations, as may be prescribed by regulatory authorities, including Reserve Bank of India and such other law as may be applicable to the Company.*

*Notwithstanding anything to the contrary contained in these Articles, so long as any money shall be owing by the Company to any financial institutions, corporations, banks or such other financing entities or through Debenture Trustees ("hereinafter referred as "Lenders") or so long as any of the aforesaid Lenders hold any securities including Debentures in the Company or so long as any guarantee given by any of the aforesaid Lenders in respect of any financial obligation or commitment of the Company remains outstanding in terms of payment of interest or repayment of principal amount, then in that event any of the said Lenders shall subject to an agreement in that behalf between it and the Company, appoint one or more persons as Director(s) on the Board of Director as their nominee in accordance with the applicable laws.*

*The aforesaid Lenders may at any time and from time to time remove the Nominee Director appointed by it and may in the event of such removal and also in case of the Nominee Director ceasing to hold office for any reason whatsoever including resignation or death, appoint any other Nominee Director to fill up the vacancy. Such appointment or removal shall be made in writing by the relevant Lender and shall be delivered to the Company."*

**RESOLVED FURTHER THAT** any one of Mr. Nilesh Dhedhi, Managing Director & CEO, Mr. Kaushal Kumar Aggarwal, Director, Mr. Gaurav Deepak, Director, Ms. Radhika Parmanandka, Company Secretary is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid amendment to the Articles of Association of the Company and to give effect the intent and purposes of above resolution."

**3. To consider and approve issuance of Debentures and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 23, 42, 71 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India ("RBI") and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Rules, Regulations, Guidelines and Circulars, as amended from time to time, the Memorandum and Articles of Association of the Company, the Listing Agreement(s) entered into by the Company with the Stock Exchanges where the securities of the Company are listed / proposed to be listed, any other applicable laws for the time being in force and subject to such other approvals as may be required from regulatory authorities, from time to time, consent of members of the Company be and

is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof, to exercise powers conferred by this resolution) to offer, issue and allot, in one or more series / tranches, Secured Redeemable, Non-Convertible Debentures (Debentures) including Market Linked Debentures (MLDs) or Equity Linked Debentures, on private placement basis to eligible investors for an amount not exceeding INR 820 crores (Indian Rupees Eight Hundred and Twenty Crores) on such terms and conditions as may be decided by the Board or Non-Convertible Debenture Allotment Committee.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things and execute all such agreements, documents, instruments and writings, as it may, in its sole and absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard and to delegate all or any of its powers herein conferred to any Committee of Directors and / or Director(s) and / or officer(s) and / or authorized signatories of the Company to give effect to this resolution."

**By order of the Board of Directors  
For Avendus Finance Private Limited**

**Date:** August 08, 2023  
**Place:** Mumbai  
**Registered office:** 901, Platina, 9<sup>th</sup> Floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai-400 051

**Radhika Parmanandka  
Company Secretary  
Membership Number: 31939**

## NOTES

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India ("MCA") issued General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 2/2022 and 10/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021, May 5, 2022 and December 28, 2022, respectively, ("MCA Circulars") allowing, inter-alia, conducting of AGMs through Video Conferencing / Other Audio-Visual Means ("VC / OAVM") facility on or before September 30, 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. In compliance with these Circulars, and provisions of the Act, the 27<sup>th</sup> Annual General Meeting of the Company is being conducted through VC / OAVM facility, without the physical presence of Members at a common venue. The deemed venue for the 27<sup>th</sup> Annual General Meeting shall be the Registered Office of the Company.

2. The Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 read with the relevant rules made thereunder, Secretarial Standard on General Meetings (SS-2) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), in respect of the special business as set out in this Notice, is annexed herewith.
3. The web-link of the meeting is <https://avendus.zoom.us/j/83062839881?pwd=dEErdnRSU1BuRmZycDVqbTJ1ejhmdz09> to access and participate in the meeting. Shareholders and other participating stakeholders are requested to install Zoom video conferencing application or program, create an account, and then click on the link provided.
4. In case of any assistance with regards to using the technology before or during the meeting, please contact on +91 9833000876.
5. The proceedings of the meeting shall be recorded and shall be kept in the safe custody of the Company.
6. In accordance with the MCA Circulars/ SEBI Circular, the notice of the AGM is being sent only through electronic mode to those members whose e-mail addresses are registered / available with the Company. Accordingly, no physical copy of the said Notice will be sent to the Members who have not registered their e-mail addresses with the Company / DP. Members may note that the said notice is also available on the website of the Company at [www.avendus.com](http://www.avendus.com).
7. The facility for joining the meeting shall be kept open 15 minutes before the time scheduled to start the meeting and shall not be closed till the expiry of 15 minutes after the scheduled time of the meeting.
8. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution / power of attorney / authorization, authorizing their representative to attend and vote on their behalf at the meeting.
9. Attendance of members through Video Conferencing shall be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013, as requirement for physical quorum has been dispensed. Therefore, proxy shall not be allowed to attend and vote at the meeting.
10. The Articles of Association covered under this AGM is made available for inspection, on receipt of request email from members through their e-mail address registered with the Company.
11. The Register of Director's and Key Managerial Personnel and their shareholding and the Register of Contracts with related party and contracts and bodies in which directors are interested, will be available for inspection by the Members on receipt of request email from members through their e-mail address registered with the Company up to the date of the AGM and also throughout the continuance of the AGM.
12. The Voting at the meeting shall be conducted by show of hands unless a poll in accordance with section 109 of the Companies Act, 2013 is demanded by any member. If a poll is demanded at

the meeting, then the shareholders can vote by sending an email to the Designated Mail ID: [rajendra.rana@avendus.com](mailto:rajendra.rana@avendus.com).

13. The members can pose questions concurrently at the Meeting or can submit questions or queries regarding the agenda items on the designated email address through which the notice has been sent.

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to the Notice of Annual General Meeting

The following explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013, sets out all material facts relating to the business mentioned in item in the accompanying Notice of the Annual General Meeting of the Company.

**Item No. 2**

SEBI vide its notification bearing reference no. SEBI/LADNRO/ GN/2023/119 dated February 02, 2023 amended the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI NCS Regulations) wherein it mandated that the Articles of Association ('AOA') of an issuer of debt securities should contain a clause authorizing the Board of Directors to appoint a person nominated by the Debenture Trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 ('SEBI DT Regulations') as a director on its Board under one of the following circumstances:

- i. two consecutive defaults in payment of interest to the debenture holders; or
- ii. default in creation of security for debentures; or
- iii. default in redemption of the debentures.

In case of an issuer company whose securities are already listed on the date of SEBI NCS Regulations, the existing AOA would need to be amended to include the provision for appointing a nominee director by the Debenture Trustee as per Regulation 15(1)(e) of the SEBI DT Regulations, within the timeline specified in the notification referred to above i.e on or before September 30, 2023.

Members are requested to note that the Company has been issuing debt securities under SEBI NCS Regulations. Further, the existing AOA of the Company does not contain any provisions with respect to appointment of Nominee Director by the Debenture Trustee in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

In line with the provisions of Section 14 of the Companies Act, 2013 ('the Act'), the amendment of the AOA requires approval of the shareholders of the Company by way of a special resolution at a general meeting.

Accordingly, it is proposed to amend the Articles of Association of the Company to incorporate the relevant clause. The Board at its meeting held on August 08, 2023 has approved the amendment to the Articles of Association of the Company and the Board now seeks approval of the members for the same by way of a special resolution. Accordingly, this matter has been placed before the shareholders for approval.

A copy of the Articles of Association of the Company with the proposed clause / alteration would be available for inspection for the members of the Company on all working days during business hours upto the date of AGM and shall also be available during the course of the AGM.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way interested or concerned, financially or otherwise in the special resolution set out at Item No. 2 of the Notice except to the extent of their shareholding in the Company.

Your Board recommends the passing of Special resolution as set out at item No. 2 of this notice for your approval.

**Item No. 3**

The Company proposes to raise funds by issuing Non-Convertible Debenture up to INR 820 crores (Indian Rupees Eight Hundred Twenty Crores), on a private placement basis.

In terms of Section 42 of the Companies Act 2013 read with Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 the Members of a Company can pass a Special Resolution once in a year for all the offers or invitations for Debentures to be made during the year through a private placement basis in one or more tranches. Consent of the Members is therefore sought in connection with the aforesaid issue of Debentures including Market Linked Debentures (NCDs) from time to time and they are requested to authorize the Board of Directors ("Board") and /or Committee of the Company to issue and to make offer(s) and/or invitation(s) to eligible persons to subscribe to NCDs on a private placement basis, in one or more tranches, for a period of one year from the date of passing of this resolution, provided that the outstanding amounts of all such NCDs at any time during the period shall not exceed INR 820 crores (Indian Rupees Eight Hundred Twenty Crores) . The Debentures may be issued at par or at a premium, and on such other terms and conditions as Board/ Committee shall deem fit, and / or may be listed on a stock exchange. The Special Resolution set out in the Notice shall remain valid / in force for a period of one year from the date of passing this Resolution.

Please find below details as required under Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014:

Sr. no	Particulars	Details
1.	Particulars of the offer including date of passing of Board resolution	Pursuant to Section 42 of Companies Act 2013, the specific terms of each offer / issue of Non-Convertible Debenture shall be decided from time to



		time by the Board of Directors, within a period of one year from the date of the aforementioned resolution.  Date of Passing Board resolution : May 22, 2023
2.	Kinds of securities being offered and the price at which security is being offered	Secured, Redeemable, Non-Convertible Debentures (Debentures) including Market Linked Debentures (MLDs).  The NCDs will be offered / issued at a price which will be approved by the Board / Non-Convertible Debenture Allotment Committee (NCDAC) for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.
3.	Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	As may be determined by the Board / NCDAC.  The justification and disclosures will be specifically made in each private placement offer and application letter for each offer/issue [PAS-4 (Offer Letter)]
4.	Name and address of valuer who performed valuation	Not applicable as each Debenture is a Non-Convertible Debt instrument
5.	Amount which the company intends to raise by way of such securities	Upto INR 820 Crores, in one more tranche
6.	Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities:	Would be determined by the Board of Directors in discussion with the lenders. These disclosures will be specifically made in each private placement offer and application letter for each offer/issue.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way interested or concerned, financially or otherwise in the special resolution set out at Item No. 3 of the Notice except to the extent of their shareholding in the Company.

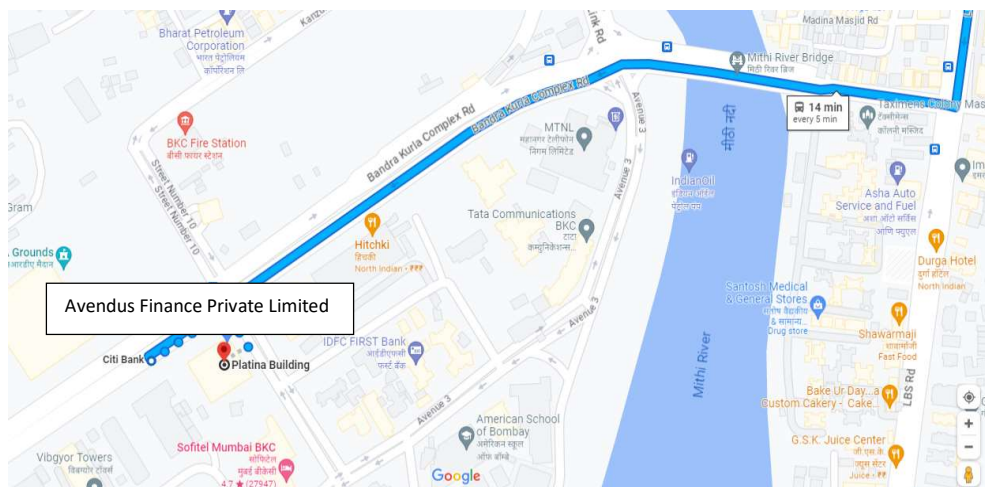
Your Board recommends the passing of Special resolution as set out at item No. 3 of this notice for your approval.

By order of the Board of Directors  
For Aventus Finance Private Limited

Date: August 08, 2023  
Place: Mumbai  
Registered office: 901, Platina, 9<sup>th</sup> Floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai-400 051

Radhika Parmanandka  
Company Secretary  
Membership Number: 31939

Route map and address of the AGM Venue - Registered Office: 901, Platina, 9th Floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai-400 051.



**AVENDUS FINANCE**  
PRIVATE LIMITED

—  
ANNUAL REPORT  
2022-23

## BOARD OF DIRECTORS

Mr. Kaushal Kumar Aggarwal

Mr. Deba Prasad Roy

Mr. Suresh Menon

Mr. Pijush Sinha

Ms. Padmaja Ruparel

Mr. Nikhilesh Panchal<sup>1</sup>

Mr. Nilesh Dhedhi<sup>2</sup>

Mr. Nitin Singh<sup>3</sup>

Mr. Gaurav Deepak

## **27<sup>TH</sup> ANNUAL GENERAL MEETING**

Day : Thursday

Date : August 31, 2023

Time : 2 pm.

Venue : 901, Platina, 9th Floor,  
Plot No. C-59, Bandra  
Kurla Complex, Bandra  
(E), Mumbai-400 051

## KEY MANAGERIAL PERSONNEL

Mr. Nilesh Dhedhi, Managing Director & CEO<sup>4</sup>

Mr. Sameer Kamath, Chief Financial Officer

Ms. Radhika Parmanandka, Company Secretary

## AUDITORS

M/s. M M Nissim & Co LLP, Statutory Auditors

M/s. MMJB & Associates LLP, Secretarial Auditors

## REGISTRAR & SHARE TRANSFER AGENT

NSDL Database Management Limited

Address: 4<sup>th</sup> Floor, Trade World A Wing, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai –400013

Tel: 022 49142701; Email: [sunilk@nsdl.co.in](mailto:sunilk@nsdl.co.in)

## DEBENTURE TRUSTEE(S)

<b>Vistara ITCL (India) Limited</b>	<b>Catalyst Trusteeship Limited</b>
6 <sup>th</sup> Floor, The IL&FS Financial Center Plot No. C-22, G Block, Bandra Kurla Complex Bandra (East), Mumbai 400051 Corporate Office at Vistra ITCL (India) Limited 602, 'A' Wing, The Qube, Hasan Pada Rd, Mittal Industrial Estate, Marol, Andheri-E, Mumbai 400059 Email ID: <a href="mailto:VistralTCL.Support@vistra.com">VistralTCL.Support@vistra.com</a> Tel: +91 22 69300000	The Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400098 Email: <a href="mailto:ComplianceCTL-Mumbai@ctltrustee.com">ComplianceCTL-Mumbai@ctltrustee.com</a> Tel: +91 22 49220555

## REGISTERED OFFICE

901, Platina, 9<sup>th</sup> Floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai-400 051

Tel. : +91 22 6648 0072

Fax. : +91 22 6648 0040

Website : [www.avendus.com](http://www.avendus.com)

Email : [investor.afpl@avendus.com](mailto:investor.afpl@avendus.com)

<sup>1</sup> Appointed w.e.f March 29, 2023

<sup>2</sup> Appointed w.e.f May 23, 2023

<sup>3</sup> Resigned w.e.f June 30, 2023

<sup>4</sup> Appointed w.e.f May 23, 2023

## DIRECTORS' REPORT

Dear Members,

Your Company's Directors hereby present the Twenty Seventh Annual Report of the Company together with Audited Financial Statements for the Financial Year ended March 31, 2023.

### Financial Performance

Summary of the Company's financial performance for the Financial Year 2022-23 ("year under review") as compared to previous Financial Year 2021-22 ("previous year") is given below:

Particulars	(Amount in lakhs)	
	As on March 31, 2023	As on March 31, 2022
Total Income	24,466.49	20,345.19
Profit / (Loss) before Interest, Tax and Depreciation	14,347.83	11,697.37
Finance Cost	8,732.60	8,245.64
Profit / (Loss) before Depreciation and Tax	5,615.23	3,451.73
Depreciation	10.28	13.98
Profit / (Loss) before Tax	5,604.95	3,437.75
Tax Expense (including deferred tax credit)	(1,447.14)	(932.58)
Net Profit / (Loss)	4,157.81	2,505.17
Other Comprehensive Income	12.73	7.18
Total Comprehensive Income	4,170.54	2,512.35
Balance brought forward from previous year	13,542.95	11,531.67
Less: Transfer to Special Reserve u/s 45- IC of the RBI Act, 1934	(831.56)	(501.04)
Balance carried to Balance Sheet	16,881.93	13,542.98

### Revenue

Your Company reported a total income of INR 24,466.49 lakhs in the year under review versus INR 20,345.19 lakhs in the previous year.

### Operating Profit / (Loss)

Profit before Interest, Tax and Depreciation was at INR 14,347.83 lakhs in the year under review versus a profit of INR 11,697.47 lakhs in the previous year.

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

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

### Capital Adequacy Ratio

The Capital to Risk Asset Ratio (CRAR) of your Company as on March 31, 2023 under IND-AS stood at 48.10% (Tier I Capital Ratio 46.81 % and Tier II Capital Ratio 1.29 %), which is well above the limit of 15% as prescribed by the RBI for Non-Banking Financial Companies Non-Deposit taking Systemically Important (NBFC ND SI).

### Net Owned Funds

The Net Owned Funds of your Company as on March 31, 2023 stood at INR 68,780.30 lakhs versus INR 66,939.63 lakhs as on March 31, 2022.

### Change in the nature of business

During the year under review, there was no change in the nature of business of the Company. The Company is a Systemically Important Non-deposit taking Non-Banking financial Company (NBFC-ND-SI) registered with the Reserve Bank of India(RBI) and also Middle Layer NBFC as per RBI Scale Based Approach. The Company also provides depository services and has a Depository Participant license with National Securities Depositories Limited and Central Depository Services Limited. Further, during the year under review, the Board of Directors has approved to surrender Depository Participant License with Central Depository Services Limited.

### Change in Registered Office

Effective April 01, 2023, the registered office of the Company was changed from “The IL&FS Financial Centre, 6<sup>th</sup> Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (E), Mumbai-400051” to “901, Platina, 9<sup>th</sup> floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.”

### Transfer to Reserves

During the year, the Company has transferred 20% of its profits for the year amounting to INR 831.56 lakhs as compared to INR 501.04 lakhs in the previous year to the reserve fund account as required under Section 45- IC of the Reserve Bank of India Act, 1934.

### Dividend

In order to conserve resources for future requirements, your Directors did not recommend any dividend on Equity Shares of the Company for the year ended March 31, 2023.

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

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Aventus Capital Private Limited 901, Platina, 9th floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai – 400051	U99999M H1999PT C123358	Holding Company	100	2(46)
2	Redpoint Investments Pte. Ltd 10 Changi Business Park, Central 2, #5-01, Hansapoint@ CBP, Singapore 486030	-	Ultimate Holding Company	NA	2(46)

The Company is a wholly owned subsidiary of Avendus Capital Private Limited. As on March 31, 2023, the Company did not have any subsidiary, joint venture, or associate company under Companies Act, 2013 ('Act'), accordingly no disclosure is required.

### **Material changes and commitments, affecting financial position of the Company**

There are no material changes and commitments which have occurred between the financial year ended March 31, 2023 and the date of this report affecting the financial position of the Company.

### **Share Capital**

During the year under review, the Authorised Share Capital of the Company stood at INR 52,500 lakhs. The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2023 was INR 49,756 lakhs consisting of 497,56,33,325 Equity Shares of INR 1 each. The entire equity share capital of the Company is held by Avendus Capital Private Limited and it's nominees. During the year under review, the Company has not issued any shares.

### **Non-Convertible Debentures**

During the year under review, the Company has not issued and allotted any Non-Convertible Debentures. The aggregate debt outstanding as at March 31, 2023 was INR 78,822.57 lakh (of which, INR 68,425.71 lakh was payable within one year). The Debt / Net worth ratio as on March 31, 2023 was 1.03 times. The Company has been regular in servicing all its debt obligations. The Non-Convertible Debentures are listed on BSE Limited in the list of F Group – Debt Instruments.

### **Credit Rating**

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

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

### **Debenture Trustees:**

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

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

These details are also available on the website of the Company at the web-link: [www.avendus.com](http://www.avendus.com)

### **Details relating to deposits**

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

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

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

### **Board / Committee Meetings**

The details of the Board Meetings / Committee Meetings [including the composition] held during the year under review are disclosed in the Corporate Governance Report appended to this Report.

### **Corporate Social Responsibility (CSR)**

During the year under review, the Company has partnered with credible agencies like Collective Good Foundation and Foundation for Promotion of Sports and Games (Olympic Gold Quest) for implementing socially responsible projects in the areas of Sports and Women Entrepreneurship as part of its initiatives under CSR. The Company has undertaken the CSR activities and complied with the provisions of Section 135 of the Companies Act, 2013 ("Act"). The CSR activities / projects undertaken by your Company are in accordance with Schedule VII of the Act and based on approved CSR policy and Annual Action Plan, which are available on Company's website: [www.avendus.com](http://www.avendus.com).

The Company's CSR activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas and continuous monitoring of the CSR activities. The CSR policy of the Company was reviewed during the year as a part of annual review.

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



During the year under review, as per Section 135 of the Act, your Company was required to spend an amount of INR 1,39,28,039 equivalent to 2% of the 'average net profits' of the last three (3) financial years. During the year under review, your Company has spent the entire amount on CSR activities. The CSR initiatives undertaken by your Company along with other CSR related details form part of the Annual Report on CSR activities for FY 2022-23, which is annexed as Annexure I.

### **Risk Management**

The Company has constituted a Risk Management Committee ("RMC") in terms of the requirements of Regulation 21 of the SEBI Listing Regulations and RBI Regulations and also adopted a risk management policy. The details of the same are disclosed in the Corporate Governance Report.

The Risk Management Committee of the Board of Directors of the Company reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyse risk exposures related to specific issues and provides oversight of risk across the Company. The Risk Management process of the Company is governed by the Risk Management Policy which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework.

A risk register was introduced in FY22 and is updated regularly. It captures all the risks the Company is exposed to along with the mitigants in place, the probability and impact assessment and finally the primary and secondary ownership of the risk.

The details of the Risk Management Framework have been covered in the Management Discussion and Analysis Report, which forms an integral part of this Board Report.

### **Directors' Responsibility Statement**

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

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

## Corporate Governance

The Company has been identified as a High Value Debt Listed Entity, with effect from 7 September, 2021 and was required to comply with the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance, on a 'comply or explain' basis, till March 31, 2023. The Company has taken effective steps to ensure compliance with the provisions relating to Corporate Governance norms.

A detailed report on Corporate Governance for the year under review is provided as Annexure II to this report and the same is prepared in accordance with SEBI Listing Regulations and as per the Scale Based Regulation(SBR)- A Revised Regulatory Framework for NBFCs read with disclosure requirements under SBR applicable to Non-Banking Finance Companies Middle Layer and Upper Layer. The certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of Corporate Governance is appended to the Corporate Governance Report.

## Details of Directors and Key Managerial Personnel

### A. Directors

The composition of the Board is in accordance with the provisions of Section 149 of the Act, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and RBI Master Directions with an appropriate combination of Executive Director, Non-Executive Directors and Independent Directors.

As on date, the Board of Directors of your Company ("the Board") comprised of 8 (Eight) Directors comprising of 4 (Four) Non-Executive Directors, 1 (One) Executive Director and 3 (Three) Independent Directors (including one Women Independent Director).

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

The Company re-designated Mr. Nitin Singh as Non - Executive Director of the Company with effect from April 1, 2022.

The Company on 10<sup>th</sup> August, 2022 sought shareholders approval

- a. in terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and based on the recommendation of the Nomination & Remuneration Committee and the Board, for continuation of directorship of Mr. Deba Prasad Roy as Non - Executive Independent Director of the Company who has attained the age of 80 years.
- b. in terms of Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and considered continuation of payment of managerial remuneration to Mr. Kaushal Kumar Aggarwal, Managing Director & CEO of the Company notwithstanding that (i) the annual remuneration payable to Mr. Kaushal Kumar Aggarwal exceeds Rs. 5 crore or 2.5% of the net profits of the Company,

whichever is higher; or (ii) the aggregate annual remuneration of all the promoter executive directors of the Company exceeds 5% of the net profits of the Company.

The Board at its Meeting held on March 29, 2023 based on the recommendation of the Nomination & Remuneration Committee approved the appointment of Mr. Nikhilesh Panchal as an Additional Director (Independent Director) on the Board of the Company w.e.f. March 29, 2023 subject to approval of the shareholders of the Company at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier, to hold office for a term of 5 (five) consecutive years and whose office shall not be liable to retire by rotation.

Your Directors on the Board possess the requisite experience and competency.

The brief details of the Directors proposed to be appointed / reappointed as required under Secretarial Standard 2 issued by the Institute of Company Secretaries of India will be provided in the Notice convening Extra Ordinary General Meeting of the Company.

All the Directors of the Company have confirmed that they satisfy the “fit and proper” criteria as prescribed under Chapter XI of RBI Master Directions and are not disqualified from being appointed / continuing as Directors in terms of Section 164(2) of the Act. The declarations have been taken on record by the Nomination and Remuneration Committee.

All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company. All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and without any external influence. The terms and conditions of appointment of Independent Directors are available on the website of the Company at [www.avendus.com](http://www.avendus.com).

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered with the databank maintained by the Indian Institute of Corporate Affairs (“IICA”). The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA, within a period of 2 (two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption. All Independent Directors of the Company have confirmed that they have passed / were exempted, as applicable from the requirement to undertake the online proficiency self-assessment test.

### **Familiarisation Programme**

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The

details relating to the familiarization programme are available on the website of the Company at [www.avendus.com](http://www.avendus.com)

## **B. Key Managerial Personnel (“KMP”)**

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

### **Board Evaluation**

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

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

Performance evaluation framework of the Company is as follows:

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

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

### **Statutory Audit & Statutory Auditors**

During the year under review, M/s. M M Nissim & Co LLP, Chartered Accountants (Firm Registration No. 107122W/W100672) were appointed as Statutory Auditors of the Company to hold office from the conclusion of Twenty-Sixth Annual General Meeting until the conclusion of the Twenty-Eighth Annual General Meeting, at such remuneration, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

The Auditors’ Report “with an unmodified opinion”, given by the Statutory Auditors on the Financial Statements of the Company for FY 2022-23, is disclosed in the Financial Statements forming part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the

Statutory Auditors in their Report and the same does not call for any further comments. The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

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

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, based on the recommendation of the Audit Committee, the Board of Directors of the Company appointed M/S MMJB & Associates LLP (MMJB), Practicing Company Secretaries (COP No: 22502) as a Secretarial Auditor of the Company, for conducting secretarial audit for the Financial Year 2022-23.

MMJB has conducted a Secretarial Audit of the Company for the year 2022-23. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, SEBI Listing Regulations, applicable RBI Regulations and other laws applicable to the Company. The noting of Secretarial Auditors in the report is self-explanatory. The Secretarial Audit Report forms part of the Board's Report as Annexure III.

### **Annual Secretarial Compliance Report**

Pursuant to SEBI Circular dated February 8, 2019, as amended, read with Regulation 24(A) of the SEBI Listing Regulations, the Annual Secretarial Compliance Report for the financial year 2022-23 issued by MMJB, confirming compliance with all applicable SEBI Regulations and Circulars / Guidelines issued thereunder, will be submitted to the Stock Exchange within 60 days from end of the financial year.

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

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

The details of investments made by the Company are provided under notes in the financial statements of the Company for the year ended March 31, 2023.

### **Particulars of contracts or arrangements with related parties**

All the Related Party Transactions entered by the Company in the financial year 2022-23 were on arm's length and in the ordinary course of business and disclosed in the financial statements. The Company has not entered into transactions with the Promoters, Directors and Key Managerial Personnel, which may have potential conflict of interest with the Company.

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

This policy deals with the review, approval and materiality of related party transactions. All related party transactions are placed before the Audit Committee for review and approval.

Suitable disclosure as required by the Accounting Standards has been made in the Financial Statements and the disclosure with respect to related party as specified in Regulation 53(f) of SEBI Listing Regulations is also forming part of the financial statements at Note no. 41.

All contract(s) / arrangement(s) / transaction(s) entered into by your Company with its related parties, during the year under review, were in “*ordinary course of business*” of the Company; and on “*an arm’s length basis*” as per the provisions of Section 188(1) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014.

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

### **Particulars of Employees**

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

Details as required under Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to information of employees of the Company will be provided upon request by a Member. In terms of the provisions of Section 136(1) of the Act, the Report and Accounts, as set out therein, are being sent to all the Members of the Company, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on all working days of the Company up to the date of the Annual General Meeting. If any Member is interested in obtaining a copy thereof, the Member may write to the Company Secretary at the Registered Office of the Company in this regard.

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

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. A ‘Prevention of Sexual Harassment’ Policy, which is in line with the statutory requirements, along with a structured reporting and redressal mechanism, including the constitution of Internal Complaints Committee in accordance with the provisions of the Sexual Harassment of Women at

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<sup>1</sup> Any contract/ arrangement with a related party as defined under Section 188(1) of the Act, which is on arm’s length basis, but equal to or exceeds the limits mentioned under Rule 15(3) of the Companies (Meetings of the Board and its powers) Rules, 2014. Details of all related party transactions are provided in Note No. 41 to the Standalone financial statements for the Financial Year 2022-23

Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“the POSH Act”), is in place. During FY 2022-23, there were no complaints received under the provisions of the POSH Act.

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

- a) The provisions of Section 134(3)(m) of the Act and the rules made there under relating to conservation of energy and technology absorption do not apply to your Company as it is not a manufacturing Company.
- b) Foreign Exchange Earnings during the year under review and previous year were Nil and Foreign Exchange Outgo during the year under review was INR 6.89 Lakh and previous year was INR 3.40 Lakh.

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

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company’s operations in the future. Further, no penalties have been levied by the RBI or any other regulator during the year under review.

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

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

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

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

#### **Annual Return**

As required under the provisions of Sections 134(3) (a) and Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company in prescribed form MGT 7 has been placed on the website of the Company at [www.avendus.com](http://www.avendus.com).

#### **Management discussion and Analysis Report**

In accordance with the applicable provisions of the Para 4.7 of Annex VI of RBI Master Direction on NBFC - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, a detailed review of the operations, financial performance, risk management, outlook,

among others, is provided under the section 'Management Discussion and Analysis' enclosed as Annexure VI to this report

### **Managing Director and Chief Financial Officer Certificate**

In terms of the SEBI Listing Regulations the certificate, as prescribed in Part B of Schedule II of the Listing Regulations, has been obtained from Managing Director & CEO and Group Chief Financial Officer, for the Financial Year 2022-23 with regard to the Financial Statements and other matters. The said Certificate is attached herewith as Annexure VII and forms part of this Report.

### **Secretarial Standards and Compliance**

During the year under review, the Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings and General Meetings.

### **RBI Regulations**

The Company has complied with the requirements prescribed by Reserve Bank of India (RBI), from time to time, as applicable to it.

### **Other Disclosures**

During the year under review, the Company has not obtained any registration / license / authorisation, by whatever name called from any other financial sector regulators.

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

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

### **Acknowledgements / Appreciations**

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

For and on behalf of the Board of Director s

Date: May 22, 2023  
Place: Mumbai

Kaushal Kumar Aggarwal  
Managing Director & CEO  
DIN:00153487

Nitin Singh  
Director  
DIN: 06904459



Annual Report on CSR Activities of the Company1. Brief outline on CSR Policy of the Company:

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

2. Composition of CSR Committee:

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

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [www.avendus.com](http://www.avendus.com)
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable – Not applicable
5. (a) Average net profit of the company as per sub-section (5) of Section 135 – **INR 69,64,01,950**
- (b) Two percent of average net profit of the company as per subsection (5) of Section 135: **INR 1,39,28,039<sup>1</sup>**
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
- (d) Amount required to be set off for the financial year, if any: **Nil**
- (e) Total CSR obligation for the financial year (b+c-d): **INR 1,39,28,039<sup>1</sup>**

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<sup>1</sup> Based on the recommendation of CSR Committee, the amount is being rounded off to INR 1,40,00,000

- 6.
- Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) :  
INR 1,40,00,000
  - Amount spent in Administrative Overheads : Nil
  - Amount spent on Impact Assessment, if applicable: Not Applicable
  - Total amount spent for the Financial Year [(a)+(b)+(c)]: INR 1,40,00,000
  - CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,40,00,000	Nil	Nil	Nil	Nil	Nil

- f. Excess amount for set-off, if any:

Sr. No	Particular	Amount (In Rs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	1,39,28,039 <sup>2</sup>
(ii)	Total amount spent for the Financial Year	1,40,00,000
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	71,961
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	71,961 <sup>3</sup>

7. Details of Unspent Corporate Social Responsibility Committee amount for the preceding three financial years

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account	Balance Amount in Un spent CSR Account under sub section (6)	Amount spent in the Financial Year	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any	Amount remaining to be spent in succeeding	Deficiency , if any
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<sup>2</sup> Based on the recommendation of CSR Committee, the amount is being rounded off to INR 1.40.00.000

<sup>3</sup> The Company does not intend to avail the setoff of the excess CSR amount spent during FY'2023

		under sub section (6) of section 135 (in Rs.)	of section 135 (in Rs.)	(Rs. In Lakhs)	Amount (in Rs)	Date of transfer	financial years (in Rs.)	
1.	FY'20	NA	Nil	88	NA	NA	Nil	Nil
2.	FY'21	NA	Nil	125	NA	NA	Nil	Nil
3.	FY'22	NA	Nil	147.5	NA	NA	Nil	Nil

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created / acquired – Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year

Sr. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135 ) – Not Applicable

For and on behalf of the Board of Directors

Kaushal Kumar Aggarwal  
 Managing Director & CEO  
 DIN: 00153487  
 Place: Mumbai  
 Date: May 22, 2023

Pijush Sinha  
 Chairman of CSR Committee  
 DIN: 02048277

Nitin Singh  
 Director  
 DIN: 06904459

## **Corporate Governance Report**

### **Corporate Governance Philosophy**

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

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

The constitution of the Board and its Committees are compliant with the relevant provisions of the Companies Act, 2013 (the Act) and the relevant Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and the RBI Master Direction - Systemically Important Deposit Taking and Non-Deposit Taking Company RBI Directions, 2016 ('RBI Master Directions') read with RBI Scale Based Regulatory (SBR) Framework for NBFCs as amended from time to time.

The Company has been identified as a High Value Debt Listed Entity ('HVDLE'), with effect from 7 September, 2021 and as such was required to comply with relevant provisions of SEBI Listing Regulations relating to corporate governance, on a 'comply or explain' basis, till 31 March, 2023. The extant corporate governance norms became mandatory, with effect from 1 April, 2023 and the Company is in compliance with the said corporate governance norms.

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

### **Board of Directors**

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

The Board Members possess requisite qualifications and experience in general corporate management, banking, finance, analytics, strategy formulation and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision-making process. Additionally, the Board also take noting of the Report on compliance under the Code of Conduct for Prevention of Insider Trading adopted by the Company

pursuant to the SEBI Prohibition of Insider Trading Regulations. Further, there is no relationship between the Directors inter se.

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

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

During the year under review, the Board met 7 times on May 04, 2022, May 24, 2022, July 27, 2022, August 10, 2022, November 11, 2022, February 13, 2023 and March 29, 2023 to discuss and decide on various business, regulatory compliance and policy matters of the Company. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days.

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

#### **Directors Attendance Record and Directorships held**

Pursuant to the provisions of Section 165 of the Act, none of the Directors of the Company is a Director in more than 10 public limited companies (including any Alternate directorships). Further, as mandated by Regulation 17A of the SEBI Listing Regulations, none of the Directors of the Company holds Directorships (including Independent Directorship) in more than 7 equity listed entities and the Executive Directors do not hold Directorship in more than 3 equity listed companies. Further, as stipulated in Regulation 26 of the SEBI Listing Regulations, none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairperson of more than 5 Committees, across all public limited companies in which he / she is a Director.

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

The requisite quorum was present for all the Meetings. The names of the Directors, attendance at Board Meetings and Annual General Meeting during the year, the number of other Directorships and Committee Memberships held by them as on 31 March 2023 are as follows:

Name of the Directors (with DIN and Category)	Attendance particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies#			Directorships in other listed companies	
	Number of Board Meetings		Last AGM	Director ships	Committee memberships+	Committee Chairmanships+	Name of Listed entity (including debt listed)	Category of Directorship
	Held	Attended						
Mr. Kaushal Kumar Aggarwal, Managing Director & CEO DIN: 00153487	7	7	No	-	-	-	-	-
Mr. Pijush Sinha, Director (Non-Executive), DIN: 02048277	7	7	Yes	-	-	-	-	-
Mr. Suresh Menon, Director (Non-Executive) DIN: 00737329	7	7	Yes	-	-	-	-	-
Mr. Deba Prasad Roy, Independent Director DIN: 00049269	7	6	Yes	-	-	-	-	-
Ms. Padmaja Ruparel, Independent Director DIN: 01383513	7	5	Yes	3	1	-	Ester Industries Limited	Independent Director
Mr. Nitin Singh <sup>1</sup> , Director (Non-Executive) DIN: 06904459	7	5	No	-	-	-	-	-
Mr. Gaurav Deepak, Director (Non-Executive) DIN:00153524	7	3	No	-	-	-	-	-
Mr. Nikhilesh Panchal <sup>2</sup> Additional Director (Independent Director) DIN : 00041080	1	1	NA	6	3	1	Swaraj Engines Limited NRB Industrial Bearings Limited <sup>3</sup>	Independent Director  Director

**Notes:**

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

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

<sup>1</sup> Mr. Nitin Singh resigned as a Whole Time Director of the Company w.e.f March 31, 2022 and was redesignated as Director w.e.f April 1, 2022

<sup>2</sup> The Board of Directors at its meeting held on March 29, 2023 appointed Mr. Nikhilesh Panchal as an Additional Director (Independent Director) of the Company

<sup>3</sup> Mr. Nikhilesh Panchal resigned as Director w.e.f March 31, 2023

### Remuneration to Directors

The Company paid sitting fees to Non-Executive Directors (NEDs) and Independent Directors (IDs) for attending the meetings within the limits as prescribed under Companies Act 2013. The details of sitting fees paid to the Directors during FY 2022-23 are as under:

Name of Director	Sitting Fees (in Rs)	Type of Meeting
Mr. Suresh Menon	9,50,000	Board Meetings and Credit Committee Meetings
Mr. Deba Prasad Roy	6,00,000	Board Meetings
Ms. Padmaja Ruparel	5,00,000	
Mr. Pijush Sinha	7,00,000	
Mr. Nikhilesh Panchal	1,00,000	

During FY23, the remuneration paid to Mr. Kaushal Kumar Aggarwal, Managing Director & CEO was INR 4 crores.

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

### Performance Evaluation of Board, its Committees and Directors

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

### Shares held by Directors including Non-Executive Directors

As on March 31, 2023, none of the Directors hold any shares of the Company except Mr. Pijush Sinha, Mr. Gaurav Deepak and Mr. Kaushal Kumar Aggarwal, who hold one share each of the Company as Nominee of Avendus Capital Private Limited, the Holding Company.

### Familiarisation Programme for Independent Directors

The details of programmes for Familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2022-23, in terms of the requirements of SEBI Listing Regulations are available on the website of the Company and can be accessed at the web-link: [www.avendus.com](http://www.avendus.com)

### Board Skills / Expertise / Competencies and Matrix

Pursuant to Schedule V of SEBI Listing Regulations, a chart/ matrix setting out the core skills/ expertise/ competencies identified by the Board of Directors in the context of the Company's

business and sector(s) as required for it to function effectively and those actually available with the Board during FY 2023, are given below:

Sr. No.	Core skills / expertise / competencies	SM	KKA	DPR	PR	PS	NS	GD	NP
1	Industry experience and Macro Economics	Y	Y	Y	-	-	Y	Y	Y
2	Management and Corporate Governance	Y	Y	Y	Y	Y	Y	Y	Y
3	Financial & Commercial expertise and Understanding of Accounting & Financial statements	Y	Y	Y	Y	Y	Y	Y	Y
4	Technology and Operations	Y	-	-	Y	-	Y	-	-
5	Risk Management and Internal Controls	Y	Y	Y	Y	Y	Y	Y	Y
6	Regulatory compliance	Y	Y	Y	Y	Y	Y	Y	Y
7	Legal	Y	-	-	-	-	-	-	Y
8	Leadership Development and Human Resource	Y	Y	Y	Y	Y	Y	Y	Y

#### **Board confirmation regarding independence of the Independent Directors**

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

Based on the disclosures received from all the Independent Directors, the Board, after taking these declarations / disclosures on record and acknowledging the veracity of the same, noted that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations, and are Independent of the Management of the Company.

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



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

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

### **Committees of the Board**

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. During the year under review, the Audit Committee and Nomination & Remuneration Committee have been reconstituted in accordance with the requirements of SEBI Listing Regulations.

The composition and functioning of these Committees are in compliance with the applicable provisions of the Companies Act, 2013, RBI Guidelines and is being brought in line with the requirements of SEBI Listing Regulations, within the permissible timeline. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Stakeholder Relationship and Grievance Redressal Committee and IT Strategy Committee is also in consonance with the Corporate Governance Master Directions issued by the Reserve Bank of India.

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

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

### **Audit Committee**

The Board has constituted the Audit Committee pursuant to the requirements under Section 177 of the Companies Act, 2013, SEBI Listing Regulations and the RBI Master Directions. The Audit Committee is vested with necessary powers and functions, as per its Charter, duly approved by

the Board. Audit Committee acts as a link between the management, the statutory and internal auditors and the Board.

All the members of the Audit Committee are financially literate and persons of proven competence and integrity. The Statutory Auditors and Internal Auditors are invited to the meeting to brief the Audit Committee on its report and bring out the issues which they may have with regards to finance, operations, compliance, processes, systems and other relevant matters. The Composition of the Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Members	Category	Status	No. of Meetings held	No. of Meetings attended	Date of Cessation
Mr. Suresh Menon	Non-Executive Director	Chairperson	6	6	29-03-2023
Mr. Pijush Sinha	Non-Executive Director	Member	6	6	29-03-2023
Mr. Gaurav Deepak	Non-Executive Director	Member	6	2	-
Mr. Deba Prasad Roy	Independent Director	Member	6	6	-
Mr. Nikhilesh Panchal*	Independent Director	Chairperson	-	-	-

\*Mr. Nikhilesh Panchal was appointed as a member and designated as the Chairperson of the Committee w.e.f. 29.03.2023

During the year under review, the Committee met 6 times on May 04, 2022, May 24, 2022, August 10, 2022, November 11, 2022, February 13, 2023 and March 29, 2023 and Mr. Suresh Menon, the Permanent Chairman of the Committee chaired the meetings.

As per Regulation 18(1d) of the SEBI Listing Regulations and the Secretarial Standards, the Chairperson of the Committee or in his / her absence, any other Member of the Committee authorised by him / her in this behalf shall attend the General Meetings of the Company to answer the shareholders' queries. Mr. Suresh Menon, Chairman of the Audit Committee was present at the 26<sup>th</sup> Annual General Meeting of the Company held virtually (e-AGM) on August 10, 2022.

**Brief Description of Terms of Reference:**

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

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

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

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

### **Whistle Blower Policy / Vigil Mechanism**

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

The Board at its Meeting held on February 13, 2023 , as a part of annual review, adopted a Revised Whistle Blower Policy of the Company which is available on the website of the Company i.e. [www.avendus.com](http://www.avendus.com)

As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairperson of the Audit Committee of the Company. The Company is in compliance with the Whistle Blower Policy which provides for reporting of insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information by the employees.

### **Nomination and Remuneration Committee**

The constitution of the Nomination and Remuneration Committee (NRC) is in compliance with the provisions of Section 178(1) of the Act, SEBI Listing Regulations and RBI Master Directions. The NRC is vested with necessary powers, as per its Charter duly approved by the Board.

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

Members	Category	Status	No. of Meetings Held	No. of Meetings Attended	Date of Cessation
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member	3	3	29-03-2023
Mr. Nitin Singh	Non- Executive Director	Member	3	2	29-03-2023
Mr. Pijush Sinha <sup>#</sup>	Non- Executive Director	Member	3	3	-
Mr. Nikhilesh Panchal <sup>*</sup>	Independent Director	Member	-	-	-
Ms. Padmaja Ruparel <sup>^</sup>	Independent Director	Chairperson	-	-	-

<sup>^</sup> Ms. Padmaja Ruparel was appointed as a member and designated as the Chairperson of the Committee w.e.f 29.03.2023

<sup>#</sup> Owing to the reconstitution of Committee, Mr. Pijush Sinha was designated as Member of the Committee w.e.f 29.03. 2023, Prior to 29.03. 2023, he was a Chairperson of Committee.

<sup>\*</sup> Mr. Nikhilesh Panchal was appointed as a member of the Committee with effect from 29.03.2023

During the year under review, the Committee met 3 times i.e on May 23, 2022, August 10, 2022 and February 13, 2023 and Mr. Pijush Sinha, the Chairperson of the Committee chaired the meetings.

As per Section 178(7) of the Act, Regulation 19(3) of the SEBI Listing Regulations and the Secretarial Standards, the Chairperson of the Committee or, in his / her absence, any other Member of the Committee authorised by him / her in this behalf shall attend the General Meetings of the Company to answer the shareholders' queries. Mr. Pijush Sinha, Chairman of the Committee was present at the 26th Annual General Meeting of the Company held virtually (e-AGM) on August 10, 2022.

#### **Brief Description of Terms of Reference**

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

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act which was reviewed by the Committee and Board, as a part of its annual review and the same is uploaded on the Company's website at: [www.avendus.com](http://www.avendus.com) The said policy is attached herewith as Annexure 1 to this Report.

#### **Performance Evaluation Criteria for Independent Directors:**

The performance evaluation criteria for Independent Directors were determined by the NRC. An indicative list of parameters on the basis of which evaluation of performance of Independent

Directors was carried out includes their involvement, contribution, knowledge, competency, teamwork, initiative, commitment, integrity, independence and offering guidance to and understanding of the areas which were relevant to them in their capacity as Members of the Board.

### **Corporate Social Responsibility Committee**

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ('CSR') Committee. The Committee is vested with necessary powers, as laid down in its Charter to achieve its objectives.

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

Members	Category	Status	No. of Meetings held	No. of Meetings Attended
Mr. Pijush Sinha	Non-Executive Director	Chairperson	3	3
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member	3	3
Ms. Padmaja Ruparel	Independent Director	Member	3	3

During the year under review, the Committee met 3 times i.e. on May 23, 2022, August 10, 2022 and February 13, 2023 and Mr. Pijush Sinha, the Chairperson of the Committee chaired the meetings.

### **Brief Description of Terms of Reference:**

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

During the year under review, as a part of annual review, the CSR Committee and Board reviewed the CSR Policy and no changes were proposed in the said Policy.

### **Stakeholders Relationship and Grievance Redressal Committee**

As required under the provisions of Regulation 20 of SEBI Listing Regulations, the Board of Directors Company on February 11, 2022 constituted the Stakeholder Relationship Committee and the Committee was merged with the existing Grievance Redressal Committee, which was renamed as Stakeholders Relationship and Grievance Redressal Committee. The Committee is vested with necessary powers, as per its Charter duly approved by the Board.

During the year, one meeting of the Stakeholders Relationship and Grievance Redressal Committee was held on February 13, 2023 wherein the necessary quorum was present throughout the meeting. The Composition of the Committee and the details of attendance by the Members at the meeting held during the year under review are as under:

Members	Category	Status	No. of Meeting held	No. of Meeting Attended
Mr. Pijush Sinha	Non-Executive Director	Chairperson	1	1
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member	1	1
Mr. Deba Prasad Roy	Independent Director	Member	1	1

#### Name and designation of the Compliance Officer

Ms. Radhika Parmanandka, Company Secretary of the Company, is the Compliance Officer / Investor Relations Officer, who deals with matters pertaining to Shareholders' and Customers grievances.

#### Brief Description of Terms of Reference:

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

The key responsibility of the aforesaid Committee is to consider and resolve the grievances of the security holders of the Company such as complaints related to transfer of shares / debentures/ bonds, non-receipt of balance sheet, non-receipt of interest/ declared dividends etc. The Committee inter alia, also monitors and review any investor complaints received by the Company from the Investors, Stock Exchanges, Ministry of Corporate Affairs, SEBI, SCORES, etc. and to ensure its timely and speedy resolution, in consultation with the Company Secretary and Compliance Officer and Registrar and Share Transfer Agent of the Company. No complaints were pending for resolution as on March 31, 2023.

#### Meeting of Independent Directors

During the year under review, the Independent Directors of the Company met once on February 01, 2023 inter alia, to:

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

All the Independent Directors were present throughout the meeting and the Meeting was conducted in a formal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

#### **Non-Convertible Debenture Allotment Committee**

The Board of Directors of the Company at its meeting dated April 9, 2020 constituted Non-Convertible Debenture Allotment Committee for issuance and allotment of Debentures. The Committee was reconstituted on July 22, 2020 and then again on February 01, 2021.

The Composition of the Committee as on date of this report is as under. No meeting of Non-Convertible Debenture Allotment Committee was held during the year under review.

<b>Members</b>	<b>Category</b>	<b>Status</b>
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Member
Mr. Pijush Sinha	Non-Executive Director	Member
Mr. Gaurav Deepak	Non-Executive Director	Member

#### **Brief Description of Terms of Reference :**

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

#### **Risk Management Committee**

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

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

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

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

During the year under review, the Committee met on May 23, 2022 and November 11, 2022.

Brief Description of Terms of Reference:

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

Development and implementation of Risk Management Policy

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



### Asset Liability Management Committee

The Asset Liability Management Committee was reconstituted on February 11, 2022 as per RBI Master Directions to oversee the implementation of Asset Liability Management system and review its functioning periodically.

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

Members	Category	Status	No. of Meetings Held	No. of Meetings Attended
Mr. Kaushal Kumar Aggarwal	Managing Director & CEO	Chairman	4	3
Mr. Suresh Menon	Non-Executive Director	Member	4	4
Mr. Gaurav Deepak	Non-Executive Director	Member	4	0
Mr. Dhiren Mehta	Group-Chief Risk Officer	Member	4	3
Mr. Sameer Kamath	Chief Financial Officer	Member	4	4

During the year under review, the Committee met Four times i.e on May 23,2022, July 20, 2022, October 14, 2022 and January 20, 2023 respectively.

The terms and reference of Asset Liability Committee includes to ensure adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Company, to review current macro-economic environment in general, to review regulatory changes by regulator which may impact on Liquidity or Interest rate risk management, to discuss and report on the impact of major funding shifts and changes in overall investment and lending strategies. The Committee inter alia, oversees the Company's short, medium and long-term funding and liquidity management requirements also review the stress testing and liquidity planning under stress scenario. It also reviews the liquidity position based on future cash flows.

### IT Strategy Committee

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

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

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

During the year under review, the Committee met two times i.e on May 23, 2022 and November 11, 2022.

**Brief Description of Terms of Reference:**

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

Further, key responsibilities for outsourced operations of IT include instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner, defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing, developing sound & responsive outsourcing risk management policies and procedures commensurate with the nature, scope and complexity of outsourcing arrangements, undertaking a periodic review of outsourcing strategies & all existing material outsourcing arrangements, evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board, periodically reviewing the effectiveness of policies & procedures, communicating significant risks in outsourcing to the Company's Board on a periodic basis, ensuring an independent review and audit in accordance with approved policies & procedures.

### Technology Committee

The Technology Committee was formed w.e.f April 01, 2019 and was re-constituted on February 11, 2022. The Composition of the Committee as on date of this report and the details of attendance by the Members at the meeting held during the year under review are as under:

Members	Category	Status	No. of Meetings held	No. of Meetings Attended
Mr. Nitin Singh	Member	Member	4	1
Mr. Amey Mahadik	Member	Member	4	4
Mr. Himanshu Damania	Member	Member	4	4
Mr. Narendra Tari	Member	Member	4	2

During the year under review, the Committee met four times i.e. on May 20, 2022, December 1, 2022, January 13, 2023 and March 23, 2023.

### Brief Description of Terms of Reference:

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

### Code of Conduct

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

Pursuant to the provisions of Regulation 26(3) of the SEBI Listing Regulations, all members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director & CEO of the Company to this effect shall form part of the Corporate Governance Report in the Annual Report of Financial Year 2023-24. The Code is also accessible at the Company's website at the web-link: [www.avendus.com](http://www.avendus.com)

### CEO & CFO Certification

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Managing Director & CEO and the Chief Financial Officer ("CFO") of the Company have jointly

certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended March 31, 2023.

The Managing Director & CEO and the CFO also jointly give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 52 of the SEBI Listing Regulations.

#### **Code for Prevention of Insider Trading Practices**

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

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

The Company sends mailers periodically to educate the Designated Persons on the Insider Trading laws.

#### **Structured Digital Database for UPSI**

The Company has in place a structured digital database wherein details of persons with whom UPSI is shared with adequate internal controls and on need to know basis and for legitimate business purposes is maintained with time stamping and audit trails to ensure non-tampering of the database. The Structured Digital Database is maintained internally by the Company and is not outsourced in accordance with the provisions of the SEBI Insider Trading Regulations.

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

#### **Directors & Officers Liability Insurance coverage**

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

#### **Means of Communication**

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

#### **General information for members and Debenture holders**

The Company publishes its quarterly, half-yearly and annual results in Business Standard circulating in the whole or substantially the whole of India. The 'Investors' section on the Company's website [www.avendus.com](http://www.avendus.com), keeps the investors updated on material developments in the Company by providing key and timely information such as quarterly/ half- yearly and the annual Financial Results, Annual Reports, etc. The debenture holders can also send in their queries / complaints at the designated email address: [investor.afpl@avendus.com](mailto:investor.afpl@avendus.com).

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

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

#### **General Meetings**

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

##### **Extra-Ordinary General Meeting:**

<b>Date &amp; Time</b>	<b>Venue</b>	<b>Special resolutions passed</b>
May 12, 2021 at IST 10.30 am	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	1) To consider and approve issuance of Debentures
November 22, 2021, 2021 at IST 2.00 pm	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	1) To consider and approve appointment of Statutory Auditors and payment of remuneration
May 18, 2020 at IST 5 p.m.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	1) Issue of Debentures 2) To approve amendment to Articles of Association of the Company

Annual General Meeting:

Date & Time	Venue	Special resolutions passed
August 10, 2022 at IST 1:15 P.M.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	<ol style="list-style-type: none"><li>1. To consider and approve continuation of directorship of Mr. Deba Prasad Roy (DIN: 00049269) in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015</li><li>2. To consider and approve continuation of payment of managerial remuneration to Mr. Kaushal Kumar Aggarwal, Managing Director &amp; CEO of the Company</li><li>3. To consider and approve issuance of Debentures</li></ol>
August 31, 2021 at IST 2:00 P.M	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	<ol style="list-style-type: none"><li>1. To consider and approve re-appointment of Mr. Deba Prasad Roy as an Independent Director for a second term of five consecutive years</li><li>2. To consider and approve re-appointment of Ms. Padmaja Ruparel as an Independent Director for a second term of five consecutive years</li><li>3. To consider and approve issuance of Debentures</li></ol>
September 30, 2020 at 2:45 P.M.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	No Special Resolution was passed

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

Disclosures:

a) Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations during the financial year 2022-23 were in the ordinary course of business and on an arm's length basis. The details of the transactions with related parties are placed before the Audit Committee from time to time. During the financial year 2022-23, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, etc., that may have potential conflict with the interests of the Company at large.

Further, details of related party transactions are presented in Note No. 41 to Standalone Financial Statements in the Annual Report. In addition, as per the SEBI Listing Regulations, your Company has also submitted to BSE Ltd disclosures of related party transactions along with standalone financial results every half year, in the format specified by the Board and also published it on the website of the Company.

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

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

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

**c) Policy for determining Material Subsidiaries**

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

**d) Details of material subsidiaries of the listed entity, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries**

Not Applicable, as your Company does not have subsidiaries.

**e) Compliance**

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

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

**f) Statutory Compliance, Penalties and Strictures**

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

**g) Whistle Blower Policy**

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

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

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

The Chairperson of the Audit Committee can be reached by sending a letter to the below mentioned address: Chairperson of the Audit Committee; Address: Audit Committee Chairman, Avendus Finance Private Limited, 901, Platina, 9th Floor, C-59, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.

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

**h) Appointment / Re-appointment of Director(s)**

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

**i) Compliance with Non-Mandatory Requirements**

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

**1. Unmodified Audit Opinion**

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

**2. Separate Posts of Chairman and Managing Director and CEO**



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

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

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

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

A certificate issued by M/s. MMJB & Associates LLP Practicing Company Secretaries, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of SEBI Listing Regulations certifying that none of the Directors on the Board of the Company as on March 31, 2023, has been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report as Annexure 2.

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

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

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

The details of total fees for all the services paid by the Company during the Financial Year 2022-23 to its Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors are a part, are given below:

Particulars	M. M. Nissim & Co
Statutory Audit	22,00,000
Other services including reimbursement of expenses	5,93,800

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

Status of complaints for the Financial Year 2022-23 is as follows:

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

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

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

**p) General Shareholders Information:**

Pursuant to Circular No. 14 dated April 08, 2020, General Circular No. 17 dated April 13, 2020, and General Circular No. 20 dated May 5, 2020, SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 General Circular No.22 dated June 15, 2020, General Circular No. 33 dated September 28, 2020, General Circular No. 39 dated December 31, 2020, the General Circular No. 02/2021 dated January 13, 2021, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 General Circular No. 10 dated June 23, 2021, General Circular No. 20 dated December 8, 2021 Circular No. 21/2021 dated December 14, 2021, General Circular No. 02 dated May 05, 2022 and General Circular No. 10/2022 dated 28.12.2022 issued by the Ministry of Corporate Affairs, respectively, companies are allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM) for the calendar year 2023. Accordingly, your Company will be conducting the AGM through VC/OAVM facility.

The detailed instructions for participation and voting at the Meeting is available in the Notice of the 27<sup>th</sup> AGM. Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice of AGM, and this mode will be available throughout the proceedings of the AGM.

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

**27<sup>th</sup> Annual General Meeting:**

Day and Date:	Thursday, August 31, 2023
Time	IST 2 pm to 2:30 pm
Mode of AGM	Video conferencing/OAVM
Deemed Venue of the Meeting	Registered office i.e. 901, Platina, 9th Floor, C-59, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051
Link to participate through video conferencing:	<a href="https://avendus.zoom.us/j/83062839881?pwd=dEErdnRSU1BuRmZycDVqbTJ1ejhmdz09">https://avendus.zoom.us/j/83062839881?pwd=dEErdnRSU1BuRmZycDVqbTJ1ejhmdz09</a>

**Financial Year of the Company:**

The financial year covers the period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023

**Financial Reporting for:**

Quarter ending June 30, 2023 - Mid August 2023

Half-year ending September 30, 2023 – Mid November 2023

Quarter ending December 31, 2023 – Mid February 2024

Year ending March 31, 2024 – End May 2024

Note: The above dates are indicative.

**Registered Office:**

Avendus Finance Private Limited  
901, Platina, 9th Floor, C-59, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051,  
T: +91 22 6648 0050 F: +91 22 6648 0040  
[www.avendus.com](http://www.avendus.com)

**Corporate Identity Number:**

U65921MH1996PTC251407

**Listing Details**

**A. Equity Shares:**

The Equity Shares of the Company are not listed.

**B. Non-Convertible Debentures:**

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

The Company has paid the requisite listing fees in full.

**C. Script codes of Non-Convertible Debentures:**

**959884, 960488, 973281, 973375, 973644 & 973771**

**Registrar to an issue and share transfer agents:**

Name: NSDL Database Management Limited

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

Contact Person: Sunil Kamble

Fax: 022 49142503

Email: [sunilk@nsdl.co.in](mailto:sunilk@nsdl.co.in)

Phone: +91 22 49142701

Website of the RTA: [www.ndml.in](http://www.ndml.in)

During the year under review, none of the securities are suspended from trading.

### Shareholding pattern as on March 31, 2023:

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

### Dematerialisation of Debentures:

As on March 31, 2023, 100 percent of the debentures of the Company were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's debentures are listed and traded on BSE Ltd.

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

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

As on March 31, 2023, no principal amount of the matured debentures remained unclaimed.

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

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

As on March 31, 2023, your Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

### Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/

CIR/P/2018/0000000141 dated 15th November, 2018 is not required to be furnished by the Company.

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

Your Company follows the Accounting Policy and Disclosure Norms for derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on March 31, 2023 are disclosed in Note No. 35 to the Standalone Financial Statements in the Annual Report.

**Plant Locations / Offices**

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

**Address for Correspondence for Non-Convertible Debentures**

NSDL Database Management Limited acts as Registrar and Transfer Agents for the Non-Convertible Debentures of the Company. Complaints or queries / requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Sunil Kamble, Email Id: sunilk@nsdl.co.in Tel. : +91 22 49142701. Debenture holders would have to correspond with the respective Depository Participants for Debentures held in dematerialized mode.

**List of all credit ratings obtained along with any revisions thereto during the financial year 2022-23, for all debt instruments:**

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

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

For and on behalf of the Board of Directors

Date: May 22, 2023  
Place: Mumbai

Kaushal Kumar Aggarwal  
Managing Director & CEO  
DIN:00153487

Nitin Singh  
Director  
DIN: 06904459

# *MMJB & Associates LLP*

## Company Secretaries

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

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To  
The Members  
**Aventus Finance Private Limited**  
901, Platina, 9<sup>th</sup> Floor Plot No. C-59,  
Bandra Kurla Complex  
Mumbai, Maharashtra- 400051

We have examined the compliance of conditions of Corporate Governance by Aventus Finance Private Limited (“the Company”) for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“listing regulations”).

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

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

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

**For MMJB & Associates LLP**  
**Company Secretaries**

**Deepti Kulkarni**  
**Designated Partner**  
ACS: 34733  
CP: 22502

**Date:** 22<sup>nd</sup> May, 2023  
**Place:** Mumbai

**PR:** 2826/2022  
**UDIN:** A034733E000347034

# **AVENDUS FINANCE PRIVATE LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

Document Control	
Owner / Created by	Secretarial Team
Adherence by	Directors, Key Managerial Personnel and Senior Management
Version	1.2
Effective Date	June 27, 2020
Last Review Date	February 13, 2023
Review Frequency	AN- Annually OT- Other, i.e upon regulatory change
Next Review Date	February 2024 / As and when required
Reviewed by	Nomination & Remuneration Committee
Approved by	Board of Directors
Approval Date	February 13, 2023
Confidentiality level	Displayed on website

Change History				
Version	Effective Date	Created by	Approved by	Description of change
1.1	February 11,2022	Secretarial Team	Board of Directors	Changes as per SEBI Listing Regulations
1.2	February 13,2023	Secretarial Team	Board of Directors	Changes as per SEBI Listing Regulations and RBI Circular



## **NOMINATION AND REMUNERATION POLICY**

This Nomination and Remuneration Policy is in compliance with the provisions of Section 178 of Companies Act, 2013 read along with the applicable rules thereto and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), RBI Circular on Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022, as amended from time to time.

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

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

The NRC shall focus on achieving effective alignment between compensation and risks and also keep outcome of ICAAP as one of the parameter for such effective alignment. The NRC may have at least one member common of the Risk Management Committee to ensure close co-ordination between the two committees.

### **1. APPLICABILITY AND SCOPE**

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

### **2. OBJECTIVES**

The Policy lays down the:

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

### **3. DEFINITIONS**

- i. "Board" means Board of Directors of the Company.
- ii. "Company" means "Avendus Finance Private Limited."
- iii. "Employee" means any person who is employed by the Company but does not include the person who is engaged by the Company for a specific period or assignment by way of an

agreement or contract.

- iv. "Employees' Stock Option" means the option given to the Directors, Officers or Employees of a company, as per the Employees Stock Option Scheme of Avendus Capital Private Company ("the Holding Company"), as may be determined by the Board of the Holding Company and the Company, which gives such Directors, Officers or Employees, the benefit or right to purchase, or to subscribe for, the shares of the Holding Company.
- v. "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations.
- vi. "Key Managerial Personnel" (KMP) means
  - a. Chief Executive Officer or the Managing Director or the Manager,
  - b. Company Secretary,
  - c. Whole-time Director,
  - d. Chief Financial Officer and
  - e. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - f. Such other officer as may be prescribed.
- vii. "Committee" shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations
- viii. "Policy" means, "Nomination and Remuneration Policy."
- ix. "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income- tax Act, 1961.
- x. "Senior Management" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer."

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

4. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT

A. Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as, Director, KMP or Senior Management who may be qualified to become Directors or KMP or Senior Management and recommend to the Board his / her appointment. The Committee may at its discretion ratify the appointment of Senior Management and recommend the same to the Board;
- b) A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for;
- c) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the designated position and the criteria shall be in compliance with the provision of Companies Act 2013, SEBI Listing Regulations and such other requirements as may be required by any law for the time being in force and applicable to the Company;
- d) Approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier;
- e) The Company shall not appoint or continue employment of any person as a Managing Director / Whole-time Director who has attained the age of seventy years and Non-Executive Director who has attained the age of seventy-five years. Provided that the term of person holding these position(s) may be extended beyond the age of seventy years /seventy-five years with the approval of the shareholders by passing a special resolution based on the justification stating reasons / clarification for extension of appointment beyond seventy years/ seventy five years as the case may be;
- f) The appointment, re-appointment or removal of an Independent Director of the Company, shall be subject to the approval of shareholders by way of a special resolution;
- g) Where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made under sub-regulation (2A) of Regulation 25;
- h) An independent director appointed under the above shall be removed only if the votes cast in

favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution;

- i) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company; and
- j) With respect to appointment of Employees other than the one mentioned above, the Human Resource Department with the consultation / advice /recommendations of the respective Functional Head / Managing Director of the Company, as the case may be, can decide on their appointments and the same need not be recommended to the Committee/Board as the case may be.

**B. Term / Tenure:**

- a) Managing Director / Whole-time Director / Manager (Managerial Personnel): The Company shall appoint or re-appoint a person as its Managerial Person for a term not exceeding five years at a time by passing of a resolution and make disclosure of such appointment in the Directors Report. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Independent Director:
  - 1. Subject to recommendation by the Board, an Independent Director shall hold office for a term upto five consecutive years on the Board of the Company.
  - 2. No Independent Director shall hold office for more than two consecutive terms of upto maximum of five years each, but such Director shall be eligible for appointment as Independent Director after expiry of three years of ceasing to become an Independent Director.
  - 3. The Independent Director shall not, during the said period of three years, be appointed or be associated with the Company in any other capacity, either directly or indirectly.
  - 4. The Independent Director, who resigns from the Company, shall not be appointed as an executive / whole time director on the board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.
  - 5. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves, is restricted to applicable regulations in force.

**C. Evaluation:**

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

**D. Removal:**

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

**E. Retirement:**

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

**5. DISQUALIFICATION FOR APPOINTMENT OF DIRECTORS**

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

**6. REMUNERATION POLICY FOR DIRECTORS, KMP AND SENIOR MANAGEMENT**

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

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

**A. Remuneration for Directors of the Company**

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

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

**B. Remuneration of Non-executive Directors including Independent Directors**

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

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

**C. Remuneration of KMP / SENIOR MANAGEMENT**

The Company shall review, at least annually, the KMP / Senior Management remuneration arrangements under advice from the Human Resources team, which will be based on current market benchmarks and with due consideration to law and corporate governance principles (as applicable)

Remuneration of the KMP / Senior Management consists of fixed and variable pay. Changes in either would be based on the annual appraisal of the KMP / Senior Management on a detailed performance evaluation of their Key Result Areas (KRAs) & Key Performance Indicators (KPIs)

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

The variable pay component is linked to the financial performance of the Avendus Group, achievement of targets set for business of the Company and the individual performance and that of the department / team as applicable. Variable pay includes performance linked bonuses and ESOPs for eligible employees. Performance based pay / bonuses are linked to well defined Key Result Areas (KRAs) & Key Performance Indicators (KPIs) defined at the beginning of the financial year. The ESOPs granted, vest based on time and on performance criteria with larger portion of the ESOPs vesting towards the back end of the overall vesting period. All of the above subject approval of the NRC.

The timing and other conditions related to variable pay will be recommended by the NRC and approved by the Board of Directors.

KMP / Senior Managements may be eligible to receive Assured/Joining Bonuses at the time of joining. Such bonuses are not considered as a part of fixed pay or variable pay.

**Annual Performance Linked Bonus** : Individual bonus allocation takes performance ratings and

performance against various set of objectives mentioned below into consideration:

- a. In the beginning of the year the Company sets the organization performance objectives based on qualitative and quantitative measures.
- b. These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.
- c. These objectives form part of the performance targets (Key Result Areas (KRAs) & Key Performance Indicators (KPIs) for the KMP / Senior Management KRAs and KPIs for employees from partner / control functions are structured based on their individual roles and objectives.
- d. Performance against these objectives is reviewed annually by the Nomination & Remuneration Committee / Board and is reflected in the Performance review.

#### **D. Remuneration for Employees of the Company**

The Company adopts a total compensation philosophy in rewarding employees. Total compensation comprises of Fixed and Variable Pay. Fixed pay consists of comprises of various components like basic salary, perquisites and retirement benefits. Variable pay includes performance bonuses and ESOP's for eligible employees.

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

Factors such as profitability and achievement of key performance indicators are taken into consideration, in determining the bonus pool for the Company and its business units. Individual bonus allocation is based on performance against various set of pre-defined objectives (Key Result Areas (KRAs) & Key Performance Indicators (KPIs)) determined at the start of the year. KRAs and KPIs for employees from partner / control functions are structured based on their individual roles and objectives.

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

#### **7. DEVIATIONS FROM THE POLICY**

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

**8. DISCLOSURES IN THE BOARD REPORT**

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

**9. POLICY REVIEW AND AMENDMENTS**

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

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

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

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# *MMJB & Associates LLP*

## Company Secretaries

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

### **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

**To,**  
**The Members**  
**Aventus Finance Private Limited**  
 901, Platina, 9<sup>th</sup> Floor Plot No. C-59,  
 Bandra-Kurla Complex, Mumbai,  
 Maharashtra, 400051.

We have examined the relevant disclosures provided by the Directors of Aventus Finance Private Limited (as enlisted in Table A ), bearing CIN U65921MH1996PTC251407, having registered office at 901, Platina, 9th Floor Plot No. C-59, Bandra-Kurla Complex, Mumbai, Maharashtra, 400051 (hereinafter referred to as **‘the Company’**) for the purpose of issuing this Certificate, in accordance with Regulation 53 read with Para C clause 10(i) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information, based on (i) documents available on the website of the Ministry of Corporate Affairs as on 9<sup>th</sup> May, 2023 and Stock Exchanges as on 9<sup>th</sup> May, 2023 (ii) Verification of Directors Identification Number (DIN) status at the website of the Ministry of Corporate Affairs, and (iii) disclosures provided by the Directors (as enlisted in Table A) to the Company, we hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority as on 31<sup>st</sup> March, 2023.

**Table A**

<b>Sr. No.</b>	<b>Name of the Directors</b>	<b>Director Identification Number</b>	<b>Date of Original appointment in Company</b>
1.	Deba Prasad Roy	00049269	30/12/2019
2.	Kaushal Kumar Aggarwal	00153487	17/01/2013
3.	Gaurav Deepak	00153524	24/12/2020
4.	Suresh Shanker Menon	00737329	13/04/2017

5.	Padmaja Shailen Ruparel	01383513	27/02/2020
6.	Pijush Sinha	02048277	17/01/2013
7.	Nitin Singh	06904459	04/03/2020
8.	Nikhilesh Natwarlal Panchal	00041080	29/03/2023

**For MMJB & Associates LLP**

**Saurabh Agarwal**  
**Designated Partner**  
**FCS: 9290**  
**CP: 20907**  
**UDIN: F009290E000348508**

**Date: May 22, 2023**  
**Place: Mumbai**

# *MMJB & Associates LLP*

## Company Secretaries

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

### FORM NO. MR.3

### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31<sup>st</sup> March, 2023

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

To  
The Members  
**Aventus Finance Private Limited**  
901, Platina, 9<sup>th</sup> Floor Plot No. C-59,  
Bandra Kurla Complex  
Mumbai, Maharashtra- 400051

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 (hereinafter called the '**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**), and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the rules made there under;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder; **(External Commercial Borrowings, Foreign Direct Investment and Overseas Direct Investment Not Applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**
  - e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
  - f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable to the Company during the Audit Period);**
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 and amendment made thereunder, to the extent applicable to the company. ("Listing Regulations")

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

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

*submitted intimation regarding payment of interest and redemption details to BSE Limited in PDF mode and not in XBRL mode.*

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

**We further report that**

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

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

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

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

**For MMJB & Associates LLP  
Company Secretaries**

**Deepti Kulkarni  
Designated Partner**

**ACS: 34733**

**CP: 22502**

**PR: 2826/2022**

**UDIN: A034733E000346880**

**Date:** 22<sup>nd</sup> May, 2023

**Place:** Mumbai

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

To  
The Members  
**Avendus Finance Private Limited**  
901, Platina, 9th Floor Plot No. C-59,  
Bandra Kurla Complex  
Mumbai Maharashtra- 400051

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For MMJB & Associates LLP**  
**Company Secretaries**

**Deepti Kulkarni**  
**Designated Partner**

**ACS: 34733**

**CP: 22502**

**PR: 2826/2022**

**UDIN: A034733E000346880**

**Date:** 22<sup>nd</sup> May, 2023

**Place:** Mumbai

# **AVENDUS FINANCE PRIVATE LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

Document Control	
Owner / Created by	Secretarial Team
Adherence by	Employees of the Company
Version	1.3
Effective Date	September 18, 2018
Last Review Date	February 13, 2023
Review Frequency	AN- Annually OT – Other i.e upon regulatory change
Next Review Date	February 2024 / as and when required due to change in regulations and / or applicable laws. Any subsequent amendment / modification in the SEBI Listing Regulations and /or applicable laws in this regard shall automatically apply to this Policy.
Reviewed by	Audit Committee
Approved by	Board of Directors
Approval Date	February 13, 2023
Confidentiality level	Displayed on website of the Company

Change History				
Version	Effective Date	Created by	Approved by	Description of change
1.1	June 27, 2020	Secretarial Team	Board of Directors	Operational Changes
1.2	February 11, 2022	Secretarial Team	Board of Directors	Changes as required under SEBI Listing Regulations
1.3	February 13, 2023	Secretarial Team	Board of Directors	Changes as required under SEBI Listing Regulations



**A. Introduction:**

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

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

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

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

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

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

**B. Intent and Objective of the Policy:**

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

The Objective of this policy is to set out:

- a) the materiality thresholds for related party transactions
- b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company; and

- c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

**C. Definitions:**

- a. Arm's Length Basis: Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed or this purpose under any law can also be considered for establishing this principle.
- b. Materiality: Any contract / arrangement with a related party as defined under Section 188(1) of the Act, which is equal to or exceeds the limits mentioned under Rule 15(3) of the Companies (Meetings of the Board and its powers) Rules, 2014.
- c. "Material Related Party Transaction" means a transaction to be entered into with Related Party, individually or taken together with previous transactions during a financial year, exceeding the following threshold:
  - 1) In case of transaction(s) involving payments made to a Related Party with respect to brand usage or royalty, if the amount exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
  - 2) In case any other transaction(s), if the amount exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- d. "Material Modifications to a related party transaction" shall mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as approved by the Audit Committee / Board / Shareholders, as the case may be.
- e. Ordinary Course of Business: Transactions will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities and all such activities which the Company can undertake as per the Memorandum & Articles of Association.
- f. Related Party Transaction (RPT) means:

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

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

Following shall not be a related party transaction:

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

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

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

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;

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

**D. Policy on Related Party Transactions**

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

**E. Review and Approval of Related Party Transactions**

**a. Prior approval of Audit Committee is required for:**

1. All the transactions which are identified as Related Party Transactions and subsequent material modifications shall be subject to prior approval of the Audit Committee of the Company whether at a meeting or by resolution by way of circulation. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval;
2. Any Related Party Transaction, as covered under SEBI Listing Regulations which is not applicable to the Company but may become applicable on a later date;
3. With effect from April 1, 2023, the Company on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company;
4. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions;
5. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently;
6. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria /conditions as mentioned under Regulation 23(3) of the SEBI Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year;
7. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review

- of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy;
8. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification;
  9. While assessing a proposal put up before the Audit Committee for approval, the Audit Committee shall review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
    - a. Type, nature, material terms and particulars of the proposed transaction;
    - b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
    - c. Tenure of the proposed transaction (particular tenure shall be specified);
    - d. Value of the proposed transaction;
    - e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for an RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
    - f. the transaction relates to any loans, inter-corporate deposits, advances or If investments made or given by the Company or its subsidiary:
      - 1) details of the source of funds in connection with the proposed transaction
      - 2) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
        - nature of indebtedness;
        - cost of funds; and
        - tenure;
      - 3) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
      - 4) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
    - g. Justification as to why the RPT is in the interest of the Company;
    - h. A copy of the valuation or other external party report, if any such report has been relied upon;
    - i. Any other relevant information or such information as may be prescribed under SEBI Listing Regulations.

10. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis. In case of transactions, other than transactions referred to in Section 188 of the Act and where the Audit Committee does not approve any transaction, it shall make its recommendation to the Board.

**b. Approval of Board of Directors under the Act**

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

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

**c. Shareholders' approval requirements**

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

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

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

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

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

**F. Disclosures**

- a) The Company will disclose to the Stock Exchange on a half yearly basis detail of all transactions with related parties in the format specified by the Securities and Exchange Board of India, and the same shall be published on the Company's website;
- b) Additionally, the Company shall disclose to the Stock Exchanges along with the compliance report on corporate governance on a quarterly basis, details of all material RPTs with related parties, if any;
- c) The Annual Audited Financial Statements and Board's Report shall contain details of RPTs as required under applicable law and as may be guided by the regulatory authorities.

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

**G. Administrative Measures**

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

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## Annexure V

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

Sr. No.	Particulars	Details
1.	The ratio of the remuneration of each Director to the median employee's remuneration for the financial year 2022-23	The ratio of the remuneration of Kaushal Kumar Aggarwal, Managing Director & CEO to the median employee's remuneration for the financial year 2022-23 is <b>12:1*</b>  *Please note: (1) Remuneration has been considered for all employees on rolls as on 31 <sup>st</sup> March 2023 (1) Remuneration includes fixed compensation, variable pay and any other bonus paid out in FY23 (2) Fixed compensation has been prorated for employees joining during the course of the year (3) Ratio has been rounded to the nearest whole number
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2022-23	Mr. Kaushal Kumar Aggarwal, Managing Director & CEO w.e.f June 27, 2020 and was not given any increment in F.Y. 2022-23.  Ms. Radhika Parmanandka, Company Secretary was given an increment of 25%
3.	The percentage increase in the median remuneration of employees in the financial year 2022-23	29.9%  *Please note: (1) Remuneration has been considered for all employees on rolls as on 31 <sup>st</sup> March 2023 vs 31 <sup>st</sup> March 2022 (2) Remuneration includes fixed compensation, variable pay and any other bonus paid out in FY23 (3) Fixed compensation has been prorated for employees joining during the course of the year
4.	The number of permanent employees on the roll of company as on March 31, 2023	30 employees
5.	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in fixed salary of employees other than managerial personnel is (+12.9%)*  Percentage Increase in Remuneration of Mr. Kaushal Aggarwal, Managing Director & CEO is (0%).  *Please note: Fixed Salary has been considered for all employees eligible for appraisal cycle. Increase has been computed for FY23 over that of FY22.
6.	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

For and on behalf of the Board of Directors

Kaushal Kumar Aggarwal  
Managing Director & CEO  
DIN: 00153487  
Place: Mumbai  
Date: May 22, 2023

Nitin Singh  
Director  
DIN: 06904459



# Management Discussion and Analysis Report

## Macroeconomic Overview

Indian economy witnessed robust growth in FY23 continuing from FY22. The Indian gross domestic product (GDP) is expected to grow at 7.0% in FY23 as against 6.9% in FY22. The Purchasing Managers Index across manufacturing and services has remained in expansionary territory with the latest reading of 57.2 and 62 respectively, as on April'23. According to the Reserve Bank of India (RBI), several high frequency indicators – railway freight; GST collections; toll collections; electricity demand; fuel consumption; and imports of capital goods posted robust year-on-year expansion during FY23. On the inflation front, India witnessed rising inflation with Consumer Price Inflation increasing from 5.5% in FY22 to 6.7% in FY23.

FY23 also observed the emergence of global macro headwinds which could impact growth and inflation in FY24. These can broadly be categorized into the following three areas:

- Rising inflation: Key developed countries have witnessed significant increase in inflation in FY23. Similar trends have also been observed in other developed and developing economies. Global inflation will decrease, although more slowly than initially anticipated, from 8.7% in CY22 to 7.0% in CY23 and 4.9% in CY24. The Central Banks across world have either raised rates continuing the liquidity crunch in CY4.
- Geo-Political issue: Russia invaded Ukraine in February 22. Pursuant to the invasion, there have been widespread sanctions of Russia which led to a rise in prices across commodities including crude oil and gas, agricultural commodities etc. IMF has reduced the global growth forecast to 2.8% this year before rising modestly to 3.0% in FY24. According to IMF, this downgrade largely reflects the war's direct impacts on Russia, Ukraine and global spillovers.
- Stress in global financial markets: The stress financial market due to collapse of several banks have complicated task of central Banks at a time when battling with higher inflations. The sudden failure of Banks have indicated the inter connections between monetary policies and fiscal conditions and the buildup in vulnerabilities. The impact of tighter monetary and financial conditions could be amplified because of financial leverages, asset and liability liquidity.

Emerging market and developing economies are already powering ahead in many cases, with growth rates jumping from 2.8% in CY22 to 4.5% CY23. The slowdown is concentrated in advanced economies, especially the euro area and the United Kingdom, where growth is expected to fall to 0.7% and -0.4 %, respectively, in CY23 before rebounding to 1.8% and 2.0% in CY24.

## Industry Structure and Overview

### Credit Markets

Bank credit grew by 15.0% year-on-year in FY23 due to low base of previous year and higher demand for funds as economic activity picked up. Bank advances rose to Rs 136.7 lakh crore in FY23 from Rs 118.9 lakh crore in FY22.

While the retail, MSME and agriculture have been the key segments for credit growth in the recent past, rising yields for overseas borrowings and in domestic capital markets have created a conducive demand environment for wholesale funding from banking channels. The GNPA rate also stood at a decadal low of 2.2% in H1FY23 (lowest since FY12) and given the granular nature of the fresh NPAs, the recoveries have been better, leading to lower NNPA as well as credit losses. With the relatively better health of the corporate sector, the asset quality outlook also remains strong and the GNPA is estimated to decline to 3.9% - 4.3% and NNPA at 1.1- 1.3% by Mar'24. Sale of NPAs under the asset reconstruction companies (ARCs), including NARCL, could further moderate these headline metrics.

With a banking credit to GDP ratio of 51.0%, India has potential for credit growth in both retail and wholesale lending segment. Credit growth in wholesale segment remained muted over past 6-7 years. However, an uptick in the investment cycle is expected to improve credit growth in wholesale credit, driven by central government's push on infrastructure sector and private sector's capex revival in conventional sectors as well as new age sector through PLI scheme.

The central government is likely to meet its fiscal deficit target of 5.9% of GDP in FY24 and combined with consolidation in state government deficits, the general government deficit is also projected to decline. As a result, the debt-to-GDP ratio is projected to stabilize. On the external front, the current account deficit is projected to narrow to 2.1% of GDP from an estimated 3.0% in FY23 on the back of robust service exports and a narrowing trade deficit.

On the regulatory front, RBI has introduced a new scale-based regulation for Non Banking Finance Companies (NBFCs) (Framework for Scale Based Regulation for Non-Banking Financial Companies) which would impact on some of the existing practises.

### Aventus Finance (AFPL) Overview

Aventus Finance Private Limited Ltd. ("AFPL", "Company") is a wholly owned subsidiary of Aventus Capital Private Limited (ACPL). It is a systematically important Non-deposit taking Non-Banking financial company (NBFC-ND-SI) registered with the Reserve bank of India (RBI), also classified as Middle Layer NBFC as per the Scaled Based Regulations and has Depository Participant license with the Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL). The lending business activities were commenced in FY 16-17 and grown its asset under management (AUM) to INR ~12,278 million, as on Mar'23.

Core principles of the business:

1. Segment Focus: Sharp focus around high quality mid-market businesses

2. Sector Focus: Sharp focus on preferred sectors i.e. healthcare, consumption, select industrial segments, financial services and specific services sectors, amongst others.
3. Superior Credit Understanding: Ability to have a holistic view on the overall assets, liabilities and cash flows of the businesses and a problem solving approach towards investments and client's credit requirement
4. Sharp ALM Focus: Liabilities raised are mostly long term in nature with a range of 3 - 5 years which has helped maintain healthy ALM profile

The foundations of the business have been laid with the people and processes already in place. For risk management, monitoring & review of portfolio there is an independent risk management team & a portfolio management unit which independently assesses the quality of portfolio by assessing macro trends in economy & doing regular interactions with clients.

AFPL currently operates in two lines of lending businesses namely Structured Finance Business and Loan Against Securities (LAS) business as well as a depository business:

### 1) Structured Finance (SF)

Under the Structured Finance vertical, AFPL offers debt products to high quality entrepreneurs and businesses to meet their specific requirements. Products are largely tailored around untapped cashflows and business value.

The experienced team specialises in spotting companies at an inflection point and provide optimal financing solutions for diverse requirements such as growth financing, acquisition financing, asset financing, working capital, bridge financing, and sponsor financing.

The investment team has a collective experience of close to eight decades. The team uses superior understanding of client's businesses to offer bespoke financing solutions. It also leverages on Avendus Group's finance expertise to understand investment thesis of the client's business, and which helps in further fine tuning the credit structure. With a strong lineage, extensive and growing network of co-lenders and professionals, AFPL is rapidly gaining ability to source and execute larger transactions.

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

1. Promoter Financing
  - Private equity/ JV partner take-out
  - Funding promoters for investing in new or existing businesses
2. Growth Financing
  - Capex Financing
  - Acquisition Financing
3. Corporate Financing Solutions
  - Long-term working capital
  - Bridge financing

## 2) Loan against Securities (LAS)

AFPL in FY21 has started offering lending solution to Group's existing and prospective wealth clients. It offers LAS and specialized lending including AIFs, selective unlisted equity etc. as part of the diversified security basket largely tailored around the wealth clients.

Lending is being done to meet following key requirements of clients:

- Lending for liquidity enablement
- Lending for Investments in AIFs
- Lending for bridging gap to liquidity events

Considering the diverse requirement of the clients, key product offered are as follows:

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

AFPL has set up a dedicated and experienced team to manage the business. It has also setup the automated margin monitoring system and process for portfolio review. AFPL follows a detailed diligence and approval process aided by deep knowledge of the clients.

## 3) Depository Participant

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

## Performance Highlights for FY 23

### Growth in disbursement in a challenging macro environment

The total Asset Under Management (AUM) remained at similar levels of INR 12,278 Million as on Mar'23 from INR 12,427 Million as on Mar'22. The LAS portfolio closed at INR 1,389 Million in Mar'23 from INR 2,634 Million in Mar'22.

FY23 witnessed momentum in Structured Finance space with high volume and higher ticket size. AFPL disbursed total loans ~INR 8,700 Million in its Structured Finance business across multiple

transactions. This validates the core philosophy of building a diversified book. Cumulatively, disbursements since inception have crossed INR ~37,400 Million with continuous focus stays on financing high quality mid to large market corporate and promoters.

During the year, the SF loan book witnessed significant prepayments, validating the fundamental quality of business and the focus on financing inherently strong companies with sustainable cash flows. Due to this AUM remained at similar level even though disbursements were ~8,700 Mn. During the year combined prepayments and scheduled repayments were ~11,240 Mn. resulting in the SF loan book closing at INR 11,110 Million.

Given below is the GICS sector wise classification of the o/s AUM\* as on Mar'23:

Sector	INR Million	%
Pharmaceuticals	2,039	16%
Construction materials	1,665	13%
Non Banking Financial Company	1,404	11%
Chemicals	1,330	11%
Diversified Consumer Services	1,325	11%
Health Care Providers & Services	1,064	9%
Media	970	8%
Commercial Services & Supplies	908	7%
Financial Institutions	768	6%
Construction & Engineering	432	3%
Automobiles	350	3%
Hotels Restaurants & Leisure	110	1%
<b>Grand Total</b>	<b>12,366</b>	<b>100%</b>

\* Excluding IND AS Impact

AFPL recorded a total income of INR 2,448 Million in FY 23 compared to a total income of INR 2,036 Million in FY 22. The PBT before provisioning for the year was INR 1,146 Million & after provisioning was INR 560 Million in FY 23. The Earnings per Share for the year was INR 0.08.

### Comfortable Liquidity Position & Tie Ups with Reputed Lenders

The focus had been to maintain a well-diversified funding mix, comfortable liquidity position and strong ALM profile.

Our funding requirements are predominantly sourced by way of term loans, secured redeemable non-convertible debentures (NCDs) including Market Linked Debentures.

AFPL has liquidity of INR 2,981 Million as on Mar'23

Management continues to be prudent on the liquidity front, ensuring that cumulative mismatch across all ALM buckets as on Mar'23 is within the limits set as per the ALM policy.

As on Mar'23, the Company's debt to equity ratio is 1.03. The Company's Capital adequacy ratio is well above the minimum requirement of 15% as per RBI guidelines

Ratio	Mar'23	Mar'22
CRAR (%)	48.10%	41.89%
CRAR - Tier I Capital (%)	46.81%	40.64%
CRAR - Tier II Capital (%)	1.29%	1.25%

### Re-instated Credit Ratings

Recognizing importance of Balance Sheet management and efficient treasury management practices, adequate liquidity position forms an integrated part of the balance sheet management strategy, which enables AFPL to deploy capital efficiently towards business opportunities that appear at short notice. It also prepares the Company for addressing any systemic liquidity scenarios

The long-term borrowing program of the Company was assigned a long-term credit rating of CRISIL 'A+' / Stable and ACUITE AA- / Positive. In the current year, the rating outlook was upgraded to 'Positive' from Stable by AcuitéRatings & Research Limited.

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

## SWOT analysis

### Strengths:

- **Superior understanding of mid-market businesses and relationships with high quality entrepreneurs at Group level** – The Avendus Group is recognized among the top players in the IB Investment Banking business. The Group has demonstrated expertise in several sectors such as technology, consumer goods, healthcare, digital, and business process outsourcing by successfully executing several transactions over last two decades. Over the years the Group has developed strong relationships with several corporates in the mid-market space. Leveraging existing relationships in the mid-corporate space, the Company will create business opportunities for the financing businesses. AFPL relies on the in-depth domain expertise and understanding of business and industries to identify value creating opportunities.
- **Speed to market with appropriate risk mitigation strategy** – The lean structure, experienced management team and deep understanding of the mid-market segment gives AFPL an edge over its competitors. For faster execution, AFPL is proactive in understanding and analyzing the needs of the business and providing bespoke solutions to the high-quality businesses.

- **Comfortable Capital Adequacy ratio & leverage on the balance sheet**  
As on March 2023, CRAR of AFPL was 48.10%. Further, the Group is adequately positioned to support the growth of its new businesses over the medium term. The gearing policy is conservative, and the management intends to keep gearing below 3.5 times over the medium term on a steady state basis.
- **Backed by highly credible and reputed Investor** – Avendus Capital Private Limited (ACPL) has received equity investments from Kohlberg Kravis Roberts (KKR) in 2016, to build a multi-asset financial services platform. KKR, (through its Singapore based investment arm Redpoint Investments Pte. Ltd) holds a majority stake of ~65% in ACPL as on Mar'23.
- **Experienced Promoters** : The Group promoted by Mr. Ranu Vohra, Mr. Kaushal Aggarwal and Mr. Gaurav Deepak, started operations in 1999, through its flagship Company ACPL. All the three promoters have spent more than two decades in Indian financial services industry setting and scaling various businesses, namely Investment Banking, Wealth Management, Asset Management, and Institutional Broking.

## Weaknesses

- **Inherent risk in wholesale lending Business** - AFPL commenced its lending operations in 2016 and has been primarily focused on wholesale lending segment. The Company offers structured credit solutions, the key offerings are growth financing, acquisition financing, asset financing, working capital, bridge financing, and sponsor financing. As on Mar'23, approximately 91% of the book is under structured finance.

**Mitigant:** AFPL has been very selective and thorough in its underwriting process. The investment team has a collective experience of close to eight decades. The team uses superior understanding of client's businesses to offer bespoke financing solutions. It also leverages on Avendus Group's finance expertise to understand investment thesis of the client's business and which helps in further fine tuning the credit structure. AFPL carries out a detailed due diligence process with help of reputed third party service provider. The portfolios are monitored by an independent team on a regular basis.

- **Limited track record for the lending operations:** The lending business started operations in 2017 and has been around for 7 years and are yet to see multiple economic cycles

**Mitigant:** The Avendus Group is recognized among the top players in the IB Investment Banking business. The Group has demonstrated expertise in several sectors such as technology, consumer goods, healthcare, digital, and business process outsourcing by successfully executing several transactions over last two decades. The three promoters have spent more than two decades in Indian financial services industry setting and scaling various businesses, namely Investment Banking, Wealth Management, Asset Management, and Institutional Broking. Even though, Structured Finance business was set in 2017, Avendus Group has been involved in debt advisory and syndication business for over 10+ years. AFPL commenced operations in 2016 and executed 100+ transactions in past 6 years totaling disbursements of ~37,000 Million with repayment track record in 70 transactions. During the last 6 years, AFPL experienced multiple events affecting economy such as IL&FS crisis, Covid-19 etc. and navigated effectively

## Threats

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

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

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

**Mitigant:** AFPLs constant engagement with the client, allows the Company to mitigate the risk to certain extent. AFPL follows process for adequate provision for the loans which were significantly impacted during Covid-19.

## Opportunities

- **Limitations in banking sector resulting in opportunities to NBFCs** – There has been emergence and requirement of flexible and customized debt capital. Due to the large scale of operations, banks are unable to provide bespoke customized solutions to the clients, leaving an opportunity for NBFCs like AFPL to fill in the space. There is growing understanding within businesses and promoters for the requirement of capital tailored as per their specific needs and financial position.
- **Growth opportunity due to comfortable credit metrics** – AFPL has comfortable credit metrics with Debt / Net worth ratio of 1.03 times, liquidity positions of 2,981 Million, CRAR of 48.10%, as on Mar'23 which provides ample opportunity for book growth

## Internal Control Systems & Adequacy

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



## Independent Risk and Portfolio management Team

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

During the year, the team has worked on enhancing the risk management and portfolio monitoring systems. The Credit Policy has been updated making it more detailed, meticulous, and robust in nature which aids to enhance the overall control mechanism. The team has presented a macro-economic assessment framework to assess the impact of the changing global economic conditions on the portfolio. The team is also engaged in preparation of a stress testing report on Cashflow and Asset Liability Management on a regular basis to assess liquidity risk in case of any adverse situations.

## Key Risks

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

### **Credit Risk:**

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

### **Market Risk:**

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

### **Asset Liability Management Risk:**

AFPL adopts a cautious liquidity strategy and maintains adequate liquidity to meet any unforeseen requirement. In addition, Asset Liability Mismatch (ALM) is appropriately managed in line with the

regulatory guidelines. The objective of liquidity risk management is to ensure that the short-term and long-term fund requirements of the Company are met on a timely basis and a cost-efficient manner.

#### **Operational Risk:**

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

#### **IT Security Risk:**

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

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

## **Human Resources**

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

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

As on March 31, 2023, AFPL had a total headcount of 29 under its payroll.

## **Customer Centricity**

In today's world when the market is fiercely competitive and switching costs are low, customer satisfaction is the most important aspect in the industry. At AFPL, the importance of customer satisfaction is recognized and appreciated for it to be the bedrock of the entire financial service industry. AFPL considers itself to be one of the most agile organizations in the structured finance domain & is known to provide solutions to complex situations.

## **Cautionary Statement**

Statements made in this Annual Report may contain certain forward-looking statements, which are tentative, based on various assumptions on the AFPL present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect

of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as on the date referenced and AFPL does not undertake any obligation to update these statements. AFPL has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. The discussion relating to business wise financial performance, financial statement, asset books of AFPL and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data.

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

Date: May 22, 2023  
Place: Mumbai

**Kaushal Kumar Aggarwal**  
Managing Director & CEO  
DIN:00153487

**Nitin Singh**  
Director  
DIN: 06904459

**CEO / CFO CERTIFICATE**

May 22, 2023

All Board Members  
Aventus Finance Private Limited  
901, Platina, 9<sup>th</sup> Floor, Plot No. C-59,  
Bandra Kurla Complex, Bandra (E),  
Mumbai-400 051

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

Dear Sirs,

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

- a. We have reviewed Financial Statements and Cash Flow Statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2023 which are fraudulent, illegal, or violative of the Company's code of conduct;
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee: - Not Applicable <sup>1</sup>
  1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

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<sup>1</sup> Not applicable as there are no such instances

3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking You,

Yours faithfully

**For Avendus Finance Private Limited**

**Kaushal Kumar Aggarwal**  
**Managing Director & CEO**  
**DIN: 00153487**

**Sameer Kamath**  
**Chief Financial Officer**

## **Independent Auditor's Report**

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

#### **Opinion**

1. We have audited the accompanying financial statements of Avendus Finance Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, the relevant circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Key Audit Matter**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matter (Continued)**

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of loans and advances to customers</b> (Refer Note 1.3 (J) for significant accounting policies and Note 34.1 for credit quality of assets disclosures)</p>	
<p>As at 31 March 2023, the Company has reported gross loan assets carried at amortised cost of ₹ 1,20,555.25 lakhs against which an impairment loss of ₹ 10,211.79 lakhs has been recorded. The Company recognized impairment provision for loan assets based on the Expected Credit Loss (“ECL”) approach laid down under ‘Ind AS 109 – Financial Instruments’.</p> <p>The estimation of ECL on financial instruments involves significant management judgement and estimates and the use of different techniques and assumptions which could have a material impact on reported profits. Significant management judgement and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> <li>➤ ensuring completeness and accuracy of the data used</li> <li>➤ determining the criteria for a significant increase in credit risk</li> <li>➤ factoring in future economic assumptions</li> <li>➤ techniques used to determine probability of default, loss given default and exposure at default.</li> </ul> <p>During the previous years, RBI announced various relief measures for the borrowers which were implemented by the Company such as “COVID 19 Regulatory Package-Asset Classification and Provisioning” announced by the RBI on 17 April 2020 and RBI circular on “Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package” dated 07 April 2021 (collectively referred to as ‘the RBI circulars’), and “Resolution Framework for COVID-19 related Stress” (the ‘Resolution</p>	<p>Our audit focused on assessing the appropriateness of management’s judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions;</li> <li>• Considered the Company’s accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109;</li> <li>• Understanding management’s updated processes and controls implemented in relation to impairment allowance process.</li> <li>• Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording, monitoring of the impairment loss recognized and staging of assets.</li> <li>• Evaluated the appropriateness of the Company’s determination of Significant Increase in Credit Risk (“SICR”) in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. Further, assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the movement between stages, Exposure at default (EAD), probability of default (PD) and loss given default (LGD);</li> </ul>

<p>Framework') dated on 6 August 2020 and 4 June 2021, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment.</p> <p><b>Disclosure</b></p> <p>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL computation. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions is also an area of focus. Considering the significance of the above matter to the overall financial statements, additional complexities involved on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Performed test of details over calculations of ECL, in relation to the completeness and accuracy of data.</li> <li>• Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</li> </ul> <p>Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 34.1 "Credit quality of assets" and ECL disclosed in the accompanying financial statements including disclosure of key judgements and assumptions involved, in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.</p>
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### Information other than the Financial Statements and Auditor's Report thereon

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

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

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

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



## **Board of Director's Responsibilities for the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to the financial statements in place and the operating effectiveness of such controls based on our audit;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
  - Conclude on the appropriateness of Board of Directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

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

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
  - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company does not have any pending litigations which would impact its financial position as at 31 March 2023;
    - ii. The Company, as detailed in note 45.8 to the financial statements, has made provision as at 31 March 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;

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

- iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 50 (i) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 50 (ii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared any dividend during the year ended 31 March 2023. Accordingly, the provision of section 123 of the Act is not applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

**Gayatri Sonavane**  
*Partner*  
Membership No. 114049  
UDIN: 23114049BGXMMC3401

**Mumbai**  
**22 May 2023**

**Annexure I referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2023**

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

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

**Annexure I to the Independent Auditor’s Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2023**

c. The Company is a Non-Banking Financial Company (‘NBFC’), registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

**Outstanding of overdue loans as on 31 March 2023**

Particulars - Days past due	Total amount due (₹ in lakhs)	No. of Cases
1-29 days	0.00	0
30-59 days	0.00	0
60-90 days	0.00	0
91 days or more	8,342.40	1
<b>Total</b>	<b>8,342.40</b>	<b>1</b>

d. According to the information and explanations given to us, the total amount which is overdue for 91 days or more in respect of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to Rs 8,342.40 lakhs as at 31 March 2023 in respect of 1 case of loan granted. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.

e. The Company is a Non-Banking Finance Company, and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

f. According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and Section 186 of the Companies Act, 2013 in respect of loans, investment, guarantees and securities as applicable.

v. The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being an non-banking financial company registered with the Reserve Bank of India (‘the RBI’), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

**Annexure I to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2023**

- vi. The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- vii. a. Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities during the year. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- b. There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.
- viii. According to the information and explanations given to us and as verified by us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- ix. a. According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- b. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- c. In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.
- d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- e. The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- f. The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.

**Annexure I to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2023**

- x. a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.  
b. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures. Accordingly, Clause 3(x)(b) of the order is not applicable.
- xi. a. According to the information and explanations given to us and as verified by us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.  
b. According to the information and explanations given to us and as verified by us, no report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.  
c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- xiv. a. In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.  
b. We have considered the reports issued by the Internal Auditors till half year ended 30 September 2022. We were unable to obtain the Internal auditors report for the half year ended 31 March 2023 on timely basis, hence we were unable to consider that in our audit.
- xv. According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- xvi. a. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.



**Annexure I to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2023**

- b. During the year, the Company has not conducted any Non Banking Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. Further, Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.
- c. According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- d. Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has no CICs which are registered with the Reserve Bank of India.
- xvii. The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- xviii. There has been no resignation of the Statutory Auditors during the year. Accordingly, reporting under clause 3(xviii) of the order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx. Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- xxi. The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**Annexure I to the Independent Auditor's Report of even date to the members of Aventus Finance Private Limited on the financial statements for the year ended 31 March 2023**

**For M M Nissim & Co LLP**

*Chartered Accountants*

Firm's Registration No: 107122W/W100672

**Gayatri Sonavane**

*Partner*

Membership No. 114049

UDIN: 23114049BGXMMC3401

**Mumbai**

**22 May 2023**

## **Annexure II**

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

**(Referred to in paragraph 17 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

1. In conjunction with our audit of the financial statements of Avendus Finance Private Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### **Responsibilities of Board of Directors for Internal Financial Controls**

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

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

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

**Annexure II to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2023**

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

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

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

**Annexure II to the Independent Auditor's Report of even date to the members of Avendus Finance Private Limited on the financial statements for the year ended 31 March 2023**

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For M M Nissim & Co LLP**

*Chartered Accountants*

Firm's Registration No: 107122W/W100672

**Gayatri Sonavane**

*Partner*

Membership No. 114049

UDIN: 23114049BGXMMC3401

**Mumbai**

**22 May 2023**

Assets		Note No.	As at March 31, 2023	As at March 31, 2022
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	2	3,801.51	478.06	
(b) Bank Balance other than (a) above	3	1,615.82	4,134.26	
(c) Derivative financial asset	4	-	226.56	
(d) Receivables				
(i) Trade Receivables	5	156.70	28.11	
(e) Loans	6	122,799.51	124,271.63	
(f) Investments	7	24,397.38	38,461.61	
(g) Other Financial assets	8	60.64	116.78	
<b>(2) Non-Financial Assets</b>				
(a) Current tax assets (net)	9 (a)	70.16	149.97	
(b) Deferred Tax Assets (net)	10	4,609.22	3,282.56	
(c) Property, Plant and Equipment	11	18.56	16.06	
(d) Intangible assets	12	15.58		
(e) Intangible assets under development	12 (a)	-	16.50	
(f) Other non-financial assets	13	110.46	262.28	
<b>Total Assets</b>		<b>157,655.54</b>	<b>171,444.38</b>	
Liabilities and Equity		Note No.	As at March 31, 2023	As at March 31, 2022
<b>Liabilities</b>				
<b>(1) Financial Liabilities</b>				
(a) Derivative financial liability	4	341.23	225.70	
(b) Payables	14			
Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		0.81	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,284.45	1,253.99	
(c) Debt securities	15	63,142.00	68,932.27	
(d) Borrowings (Other than Debt Securities)	16	15,680.57	28,566.37	
(e) Other financial liabilities	17	256.55	0.88	
<b>(2) Non-Financial Liabilities</b>				
(a) Current tax liabilities (net)	9 (b)	446.55	179.97	
(b) Provisions	18	233.09	200.84	
(c) Other non-financial liabilities	19	79.00	70.77	
<b>Total Liabilities (A)</b>		<b>81,464.25</b>	<b>99,430.79</b>	
<b>(3) Equity</b>				
(a) Equity share capital	20	49,756.33	49,756.33	
(b) Other equity	21	26,434.96	22,257.26	
<b>Total Equity (B)</b>		<b>76,191.29</b>	<b>72,013.59</b>	
<b>Total Liabilities and Equity (A+B)</b>		<b>157,655.54</b>	<b>171,444.38</b>	
See accompanying notes forming part of the financial statements		1-58		

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

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

Gayatri Sonavane  
Partner  
Membership No : 114049  
Place : Mumbai

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

Nitin Singh  
Director  
(DIN : 06904459)  
Place : Mumbai

Sameer Kamath  
Chief Financial Officer  
Place : Mumbai

Radhika Parmanandka  
Company Secretary  
Place : Mumbai

AVENDUS FINANCE PRIVATE LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(INR in lakh)

	Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
	<b>Revenue from operations</b>			
(i)	Interest Income	22	20,711.01	18,991.47
(ii)	Dividend Income	23	5.24	-
(iii)	Fees and commission Income	24	1,106.20	20.63
(vi)	Net gain on fair value changes	25	2,644.04	1,333.09
<b>(I)</b>	<b>Total Revenue from operations</b>		<b>24,466.49</b>	<b>20,345.19</b>
<b>(II)</b>	<b>Other Income</b>	26	11.48	18.23
<b>(III)</b>	<b>Total Income (I+II)</b>		<b>24,477.97</b>	<b>20,363.42</b>
	<b>Expenses</b>			
(i)	Finance Cost	27	8,732.60	8,245.74
(ii)	Impairment on financial instruments	28	5,851.64	4,338.35
(iii)	Employee Benefits Expense	29	2,771.82	2,699.11
(iv)	Depreciation, amortization and impairment	11	10.28	13.98
(v)	Other expenses	30	1,506.68	1,628.49
<b>(IV)</b>	<b>Total Expenses</b>		<b>18,873.02</b>	<b>16,925.67</b>
<b>(V)</b>	<b>Profit before tax (III-IV)</b>		<b>5,604.95</b>	<b>3,437.75</b>
<b>(VI)</b>	<b>Tax Expense:</b>			
	(1) Current Tax	31		
	for the current year		2,772.80	1,997.08
	Short/(excess) provision in respect of earlier years		5.28	-
	(2) Deferred Tax	31	(1,330.94)	(1,064.50)
	<b>Total Tax Expense</b>		<b>1,447.14</b>	<b>932.58</b>
<b>(VII)</b>	<b>Net profit after tax (V-VI)</b>		<b>4,157.81</b>	<b>2,505.17</b>
<b>(VIII)</b>	<b>Other Comprehensive Income</b>			
	(i) Items that will not be reclassified subsequently to profit or loss			
	(a) Remeasurements of defined benefit plan;		17.01	9.60
	(b) Income tax relating to remeasurements of defined benefit plan		(4.28)	(2.42)
	(ii) Items that will be reclassified subsequently to profit or loss			
	<b>Other Comprehensive Income</b>		<b>12.73</b>	<b>7.18</b>
<b>(IX)</b>	<b>Total Comprehensive Income for the year (VII+VIII)</b>		<b>4,170.54</b>	<b>2,512.35</b>
<b>(X)</b>	<b>Earnings per equity share</b>			
	Basic (Rs)	32	0.08	0.05
	Diluted (Rs.)	32	0.08	0.05
	<b>See accompanying notes forming part of the financial statements</b>	<b>1-58</b>		

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

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

Gayatri Sonavane  
Partner  
Membership No : 114049  
Place : Mumbai

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

Nitin Singh  
Director  
(DIN : 06904459)  
Place : Mumbai

Sameer Kamath  
Chief Financial Officer  
Place : Mumbai

Radhika Parmanandka  
Company Secretary  
Place : Mumbai

AVENDUS FINANCE PRIVATE LIMITED  
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(INR in lakh)

	Year ended March 31, 2023 Audited	Year ended March 31, 2022 Audited
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	5,604.95	3,437.75
<b>Add / (Less) : Adjustments for</b>		
Depreciation	10.28	13.98
Fair Value of debt securities and preference shares	2.31	9.55
Interest income on fixed deposit	169.88	(345.12)
Impairment losses on financial instruments	5,851.64	4,338.35
Gain on sale of mutual funds	(1,284.26)	(613.46)
Fair Value Changes	(567.91)	(219.15)
Interest Expenses	8,732.60	8,245.64
Dividend Income	(5.24)	-
Interest Income	(20,711.01)	(18,565.65)
Share based payment	7.15	(10.31)
Interest received	21,034.94	15,924.23
Interest paid	(14,396.40)	(6,889.02)
<b>Cash generated from operations before Working Capital Changes</b>	<b>4,448.93</b>	<b>5,326.79</b>
(Increase)/ decrease in Receivables	(128.59)	(10.23)
(Increase)/ decrease in Loans	(4,157.23)	(8,106.07)
(Increase)/ decrease in Other Financial assets	56.14	(101.18)
(Increase)/ decrease in Other non-financial assets	152.68	(94.02)
Increase/ (decrease) in Payables	31.27	322.34
Increase/ (decrease) in Provisions	49.27	151.80
Increase/ (decrease) in Other financial liabilities	615.89	(319.74)
Increase/ (decrease) in Other non-financial liabilities	8.23	8.52
<b>Net Changes in Working Capital</b>	<b>(3,372.34)</b>	<b>(8,148.58)</b>
<b>Cash flow from/(used in) Operating activities</b>	<b>1,076.59</b>	<b>(2,821.79)</b>
Income Tax Paid (Net)	(2,431.69)	(1,795.06)
<b>Cash used in Operations</b>	<b>(1,355.10)</b>	<b>(4,616.85)</b>
<b>Net Cash (used in) Operating Activities (A)</b>	<b>(1,355.10)</b>	<b>(4,616.85)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase/(Sale) of liquid Investments (net)	15,348.88	(20,488.27)
Dividend Received	5.24	-
Redemption / (Placement) from Fixed Deposits	2,348.56	2,825.05
Purchase of Fixed Assets	(11.86)	(21.26)
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>17,690.82</b>	<b>(17,684.48)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings and Debt Securities	1,390.53	56,550.00
Repayment of Borrowings and Debt Securities	(14,402.80)	(35,633.07)
Payment on account of Option purchased for ELD	-	(184.77)
<b>Net Cash generated from Financing Activities (C)</b>	<b>(13,012.27)</b>	<b>20,732.16</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>3,323.45</b>	<b>(1,569.17)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>478.06</b>	<b>2,047.23</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>3,801.51</b>	<b>478.06</b>
<b>Cash and Cash Equivalents consist of :-</b>		
- Balance in Current Accounts	1,297.04	478.06
- Balance in Fixed Deposits	2,504.47	-
	<b>3,801.51</b>	<b>478.06</b>

See accompanying notes forming part of the financial statements

1-58

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

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

Gayatri Sonavane  
Partner  
Membership No : 114049  
Place : Mumbai

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

Nitin Singh  
Director  
(DIN : 06904459)  
Place : Mumbai

Sameer Kamath  
Chief Financial Officer  
Place : Mumbai

Radhika Parmanandka  
Company Secretary  
Place : Mumbai

Date : May 22, 2023

Date : May 22, 2023



AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Statement of Changes in Equity for the year ended March 31, 2023

I Equity Share Capital (INR in lakh)

Particulars	Amount
Balance at April 1, 2021	49,756.33
Changes in equity share capital during the year	-
<b>Balance at March 31, 2022</b>	<b>49,756.33</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2023</b>	<b>49,756.33</b>

II Other equity

(INR in lakh)

Particulars	Reserves and Surplus				Other Comprehensive Income	Contribution from Holding Company	Total
	Statutory Reserve	Securities Premium	General Reserve	Retained Earnings			
Balance as at April 1, 2021	2,856.57	5,137.71	5.28	11,511.11	20.56	223.99	19,755.22
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
<b>Restated balance as at April 1, 2021</b>	<b>2,856.57</b>	<b>5,137.71</b>	<b>5.28</b>	<b>11,511.11</b>	<b>20.56</b>	<b>223.99</b>	<b>19,755.22</b>
Transfer to/from retained earnings	501.04	-	-	(501.04)	-	-	-
Share based payment	-	-	-	-	-	(10.31)	(10.31)
Profit for the year	-	-	-	2,505.17	-	-	2,505.17
Other Comprehensive Income for the year, net of tax expense	-	-	-	-	7.18	-	7.18
<b>Balance as at March 31, 2022</b>	<b>3,357.61</b>	<b>5,137.71</b>	<b>5.28</b>	<b>13,515.24</b>	<b>27.74</b>	<b>213.68</b>	<b>22,257.26</b>
<b>Balance as on April 1, 2022</b>	<b>3,357.61</b>	<b>5,137.71</b>	<b>5.28</b>	<b>13,515.24</b>	<b>27.74</b>	<b>213.68</b>	<b>22,257.26</b>
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
<b>Restated balance as at April 1, 2022</b>	<b>3,357.61</b>	<b>5,137.71</b>	<b>5.28</b>	<b>13,515.24</b>	<b>27.74</b>	<b>213.68</b>	<b>22,257.26</b>
Transfer to/from retained earnings	831.56	-	-	(831.56)	-	-	-
Share based payment	-	-	-	-	-	7.15	7.15
Profit for the year	-	-	-	4,157.81	-	-	4,157.81
Other Comprehensive Income for the year, net of tax expense	-	-	-	-	12.73	-	12.73
<b>Balance as at March 31, 2023</b>	<b>4,189.17</b>	<b>5,137.71</b>	<b>5.28</b>	<b>16,841.49</b>	<b>40.47</b>	<b>220.83</b>	<b>26,434.96</b>

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

Gayatri Sonavane  
Partner  
Membership No : 114049  
Place : Mumbai

Kaushal Kumar Aggarwal  
Managing Director & CEO  
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Nitin Singh  
Director  
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Place : Mumbai

Sameer Kamath  
Chief Financial Officer  
Place : Mumbai  
Date : May 22, 2023

Radhika Parmanandka  
Company Secretary  
Place : Mumbai

Date : May 22, 2023

# AVENDUS FINANCE PRIVATE LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### 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 451A of the Reserve Bank of India Act, 1934. The Company has been issued a registration certificate by the Reserve Bank of India ('RBI') to operate as an NBFC and is principally engaged in lending activities.

#### 1.1 Basis of Preparation

##### A. Statement of compliance

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

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

The financial statements have been prepared on accrual and going concern basis. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements were authorized for issue by the Company's Board of Directors on May 22, 2023.

##### B. Presentation of financial statements

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

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

##### C. Significant accounting judgements, estimates and assumptions

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

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

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

**II. Impairment of loans portfolio**

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

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

**III. Fair value of financial instruments**

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

**IV. Business model assessment**

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

**v. Effective Interest Rate (EIR) method**

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

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

**vi. Useful life of PPE and Intangibles**

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II in order to reflect the actual usage of the assets.

**vii. Provisions**

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

**viii. Contingencies**

The liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**ix. Provision for Tax**

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

**1.2 Standard issued but not effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. The following amendments to standards have been issued and will be effective from April 01, 2023. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 1 - Presentation of Financial Statements - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

- Indian Accounting Standard (Ind AS) 12 – Income Taxes The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.
- Indian Accounting Standard (Ind AS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors - The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

### 1.3 Significant accounting policies

#### A. Cash and cash equivalents

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

#### B. Property, plant and equipment

##### i. Recognition and measurement

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

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

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

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

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

##### ii. Subsequent expenditure

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

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### iii. Depreciation

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

Furniture and Fixtures	5 years
Mobile Instruments	2 years

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

#### iv. Derecognition

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

### C. Fees & Commission Income

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

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

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

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

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

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

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

- i. All fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due.

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- ii. Revenue comprising of Consultancy/management fees are recognized as per the terms of arrangements entered into with individual parties. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

#### **Interest Income**

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

#### **Net gain on Fair value changes**

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

#### **Loan Processing Fees**

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

#### **D. Finance Costs**

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

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

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

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

**E. Employee benefits**

**Defined Contribution Plan**

**Provident Fund**

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

**Defined Benefit Plan**

**Gratuity**

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

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

**Compensated Absences**

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

**Other Employee Benefits**

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

**Employee Stock Option Plans**

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



## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

#### **G. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that

have changed the number of equity shares outstanding, without a corresponding change in resources.

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

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

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

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

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

#### **I. Financial Instruments**

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

##### **Financial assets**

##### **Classification**

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

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

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

##### **Business model assessment**

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

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed

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

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

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

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

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

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

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

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

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

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

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

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

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost.

**Debt securities and other borrowed funds**

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

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

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

**Reclassification**

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

**J. Impairment of Financial Assets**

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

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

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

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

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

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

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

#### **Collateral Valuation**

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

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

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

- Stage 1: 12 month ECL  
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.
- Stage 2: Lifetime ECL (not credit impaired):  
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.

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

- Stage 3: Lifetime ECL (credit impaired):

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

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

*Method used to compute lifetime ECL:*

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

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

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

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

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

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

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

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

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

#### **Financial liabilities**

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

#### **Modifications of financial assets and financial liabilities**

##### **Financial assets**

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

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

##### **Financial liabilities**

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

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

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

## AVENDUS FINANCE PRIVATE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

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

Certain loans given by the Company are measured at FVTPL.

#### **N. Provisions**

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

#### **O. Contingent Liabilities**

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

#### **P. Cash Flow Statement**

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



**Q. Leases**

**The Company as a Lessee**

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

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

Note 2. Cash and cash equivalents		(INR in lakh)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Balances with Banks (of the nature of cash and cash equivalents);			
- In Current Accounts	1,297.04	478.06	
- In Term Deposits (Original maturity of 3 months or less)	2,504.47		
<b>Total</b>	<b>3,801.51</b>	<b>478.06</b>	

Note 3. Bank Balance other than (a) above		(INR in lakh)	
Particulars	As at March 31, 2023	As at March 31, 2022	
In Deposit Accounts*	1,615.82	4,134.26	
<b>Total</b>	<b>1,615.82</b>	<b>4,134.26</b>	

\*Out of the above, Fixed deposits amounting to Rs. 576.23 lakh are marked under lien.

#### Note 4. Derivative financial assets & liabilities

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

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

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

(INR in lakh)			
Particulars	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
<b>As at March 31, 2023</b>			
Equity linked debentures	1,300.00	-	341.23
NIFTY 50 Option	-	-	-
<b>As at March 31, 2022</b>			
Equity linked debentures	1,300.00	-	225.70
NIFTY 50 Option	184.77	226.56	-

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

(INR in lakh)				
Particulars	Maturity Value of the borrowing	Carrying Value of the borrowing	Unamortised portion of the borrowing	Interest expense recognised
<b>As at March 31, 2023</b>				
Equity linked debentures	1,300.00	1,266.75	33.25	126.35
<b>As at March 31, 2022</b>				
Equity linked debentures	1,300.00	1,140.40	159.60	86.80

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

(INR in lakh)				
Derivatives not designated as hedging instruments	Originated value of derivative assets/liabilities	Fair value assets/liabilities	Gain recognised in Profit and loss	Gain recognised in Other comprehensive Income
<b>As at March 31, 2023</b>				
Value of option contract assets	-	-	-	-
Value of derivative portion of equity linked debentures	225.70	341.23	115.53	-
<b>Total gains/losses recognised in income</b>	<b>(225.70)</b>	<b>(341.23)</b>	<b>(115.53)</b>	<b>-</b>
<b>As at March 31, 2022</b>				
Value of option contract assets	184.77	226.56	41.79	-
Value of derivative portion of equity linked	225.61	225.70	0.09	-
<b>Total gains/losses recognised in income</b>	<b>(40.84)</b>	<b>0.86</b>	<b>41.70</b>	<b>-</b>

#### Note 5. Receivables

Note 5. Receivables		(INR in lakh)	
Particulars	As at March 31, 2023	As at March 31, 2022	
<b>Trade Receivables</b>			
(a) Considered good -Unsecured	156.70	28.11	
Less: Allowance for impairment loss	-	-	
(b) Credit Impaired	-	6.31	
Less: Allowance for impairment loss	-	(6.31)	
<b>Total</b>	<b>156.70</b>	<b>28.11</b>	

#### Trade Receivables ageing schedule

Particulars	Outstanding for following periods					
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2023</b>						
(a) Undisputed Trade Receivables- Considered Good	156.70	-	-	-	-	156.70
(b) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(c) Less: Allowance for impairment loss	-	-	-	-	-	-
<b>Total</b>	<b>156.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156.70</b>
<b>As at March 31, 2022</b>						
(a) Undisputed Trade Receivables- Considered Good	26.56	-	1.32	-	-	27.88
(b) Undisputed Trade Receivables - credit impaired	-	-	-	6.54	-	6.54
(c) Less: Allowance for impairment loss	-	-	-	(6.31)	-	(6.31)
<b>Total</b>	<b>26.56</b>	<b>-</b>	<b>1.32</b>	<b>0.23</b>	<b>-</b>	<b>28.11</b>

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 6. Loans

(INR in lakh)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	1	2	(3=1+2)	1	2	(3=1+2)
Term Loans	120,555.25	12,456.05	133,011.30	125,703.92	8,152.85	133,856.77
<b>Total (A) Gross</b>	<b>120,555.25</b>	<b>12,456.05</b>	<b>133,011.30</b>	<b>125,703.92</b>	<b>8,152.85</b>	<b>133,856.77</b>
Less : Impairment loss allowance	(10,211.79)	-	(10,211.79)	(9,585.14)	-	(9,585.14)
<b>Total (A) Net</b>	<b>110,343.46</b>	<b>12,456.05</b>	<b>122,799.51</b>	<b>116,118.78</b>	<b>8,152.85</b>	<b>124,271.63</b>
(i) Secured by tangible assets	11,848.42	-	11,848.42	4,064.78	-	4,064.78
(ii) Covered by Bank Guarantee	-	-	-	-	-	-
(iii) Other including securities	104,798.33	12,456.05	117,254.38	120,378.99	8,152.85	128,531.84
(iv) Unsecured **	3,908.50	-	3,908.50	1,260.15	-	1,260.15
<b>Total (B) Gross</b>	<b>120,555.25</b>	<b>12,456.05</b>	<b>133,011.30</b>	<b>125,703.92</b>	<b>8,152.85</b>	<b>133,856.77</b>
Less : Impairment loss allowance	(10,211.79)	-	(10,211.79)	(9,585.14)	-	(9,585.14)
<b>Total (B) Net</b>	<b>110,343.46</b>	<b>12,456.05</b>	<b>122,799.51</b>	<b>116,118.78</b>	<b>8,152.85</b>	<b>124,271.63</b>
<b>Loans In India</b>						
(i) Public Sectors		-	-	-	-	-
(ii) Others	120,555.25	12,456.05	133,011.30	125,703.92	8,152.85	133,856.77
<b>Total (C) Gross</b>	<b>120,555.25</b>	<b>12,456.05</b>	<b>133,011.30</b>	<b>125,703.92</b>	<b>8,152.85</b>	<b>133,856.77</b>
Less : Impairment loss allowance	(10,211.79)	-	(10,211.79)	(9,585.14)	-	(9,585.14)
<b>Total (C) Net</b>	<b>110,343.46</b>	<b>12,456.05</b>	<b>122,799.51</b>	<b>116,118.78</b>	<b>8,152.85</b>	<b>124,271.63</b>

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

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

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 7. Investments

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investments - Fair Value Through profit and loss account</b>		
- Mutual fund units	24,298.99	38,360.91
- Equity	0.01	0.01
- Preference Shares	98.38	100.69
<b>Total - Gross (A)</b>	<b>24,397.38</b>	<b>38,461.61</b>
(i) Investments outside India	-	-
(ii) Investments in India	24,397.38	38,461.61
<b>Total - Gross (B)</b>	<b>24,397.38</b>	<b>38,461.61</b>
<b>Total (A) to tally with (B)</b>		
Less: Impairment loss allowance (C)	-	-
<b>Total - Net D= (A)-(C)</b>	<b>24,397.38</b>	<b>38,461.61</b>

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**Note 8. Other Financial Assets**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits		
To Others	25.60	25.60
Receivable from related party	-	70.95
Margin Money	-	20.23
Other receivables	35.04	-
<b>Total</b>	<b>60.64</b>	<b>116.78</b>

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

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current tax assets</b>		
- Advance Income Tax	7,412.81	8,021.88
<b>Current tax liabilities</b>		
- Income tax payable	7,342.65	7,871.91
<b>Net tax assets</b>	<b>70.16</b>	<b>149.97</b>

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

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current tax liabilities</b>		
- Income tax payable	5,090.33	1,997.08
<b>Current tax assets</b>		
- Advance Income Tax	4,643.78	1,817.11
<b>Net tax liabilities</b>	<b>446.55</b>	<b>179.97</b>

**Note 10. Deferred tax balances**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	4,609.22	3,282.56
<b>Net Deferred Tax Assets</b>	<b>4,609.22</b>	<b>3,282.56</b>

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 11. Property, Plant and Equipment

(INR in lakh)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Office Equipments	Computers	Total	Office Equipments	Computers	Total
Gross Block (Deemed Cost)						
As at the beginning of the year	21.97	48.38	70.35	22.14	40.53	62.67
Additions	-	11.87	11.87	-	7.85	7.85
Disposals	-	-	-	(0.17)	-	(0.17)
<b>As at the end of the year (A)</b>	<b>21.97</b>	<b>60.25</b>	<b>82.22</b>	<b>21.97</b>	<b>48.38</b>	<b>70.35</b>
Accumulated Depreciation						
As at the beginning of the year	14.61	39.69	54.30	10.41	30.05	40.46
Depreciation for the year	3.15	6.21	9.36	4.20	9.64	13.84
Disposals	-	-	-	-	-	-
<b>As at the end of the year (B)</b>	<b>17.76</b>	<b>45.90</b>	<b>63.66</b>	<b>14.61</b>	<b>39.69</b>	<b>54.30</b>
<b>Net carrying amount as at the end of the year (A-B)</b>	<b>4.21</b>	<b>14.35</b>	<b>18.56</b>	<b>7.36</b>	<b>8.69</b>	<b>16.05</b>

Note 12. Intangible Assets

(INR in lakh)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Software	Total	Software	Total
Gross Block				
As at the beginning of the year	-	-	-	-
Additions	16.50	16.50	-	-
Disposals	-	-	-	-
<b>As at the end of the year (A)</b>	<b>16.50</b>	<b>16.50</b>	<b>-</b>	<b>-</b>
Accumulated Depreciation				
As at the beginning of the year	-	-	-	-
Depreciation for the year	0.92	0.92	-	-
Disposals	-	-	-	-
<b>As at the end of the year (B)</b>	<b>0.92</b>	<b>0.92</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount as at the end of the year (A-B)</b>	<b>15.58</b>	<b>15.58</b>	<b>-</b>	<b>-</b>

**Note 12 (a). Intangible Assets under development**

(INR in lakh)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<b>As on March 31, 2023</b>					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>As on March 31, 2022</b>					
Projects in progress	16.50	-	-	-	16.50
Projects temporarily suspended	-	-	-	-	-

**Note 12 (b). Intangible Assets under development**

(INR in lakh)

Particulars	To be completed in				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<b>As on March 31, 2023</b>					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>As on March 31, 2022</b>					
Projects in progress	16.50	-	-	-	16.50
Projects temporarily suspended	-	-	-	-	-

**Note 13. Other Non-financial Assets** (INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance to Vendors	-	0.09
Balances with Government authorities	97.68	248.90
Prepaid expenses	12.78	13.29
<b>Total</b>	<b>110.46</b>	<b>262.28</b>

**Note 14. Payables** (INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Trade Payables</b>		
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note No. 49)	0.81	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,284.45	1,253.99
<b>Other Payables</b>		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
<b>Total</b>	<b>1,285.26</b>	<b>1,253.99</b>

**Trade Payables ageing schedule**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2023</b>					
(a) total outstanding dues of micro enterprises and small enterprises (Refer note no. 49)	0.81	-	-	-	0.81
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,284.45	-	-	-	1,284.45
<b>Total</b>	<b>1,285.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,285.26</b>
<b>As at March 31, 2022</b>					
(a) total outstanding dues of micro enterprises and small enterprises (Refer note no. 49)	-	-	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,010.17	1.06	3.55	-	1,014.78
<b>Total</b>	<b>1,010.17</b>	<b>1.06</b>	<b>3.55</b>	<b>-</b>	<b>1,014.78</b>



AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 15. Debt Securities

(INR in lakh)

Particulars	As at Mar 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
Debt Securities	63,142.00	68,932.27
<b>Total (A)</b>	<b>63,142.00</b>	<b>68,932.27</b>
Debt securities in India	63,142.00	68,932.27
Debt securities outside India	-	-
<b>Total (B)</b>	<b>63,142.00</b>	<b>68,932.27</b>

Particulars and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 6 February 2024.	9.10% p.a.	At Maturity	18,355.75	16,696.45
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 10 April 2024.	9.10% p.a.	At Maturity	3,922.09	3,594.82
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 4 October 2023.	8.40% p.a.	At Maturity	16,416.94	15,062.70
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 30 June 2023.	Equity Linked Debentures	At Maturity	1,266.75	1,140.40

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Particulars and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 7 August 2023.	11.25% p.a.	At Maturity	12,832.84	11,451.75
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 15 September 2022.	11.60% p.a.	At Maturity	-	7,439.67
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 12 February 2024.	9.35% p.a.	At Maturity	6,071.18	5,549.48
The principal protected market linked debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 20 March 2023.	8.80% p.a.	At Maturity	-	3,728.60
The debentures are secured by a first pari passu charge by way of hypothecation of 1.25 times of the book debts / loan receivables of the Company and are redeemable on 23 June 2023	10.50% p.a.	At Maturity	2,698.71	2,691.24
The debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 24 September 2023	10.25% p.a.	At Maturity	1,577.74	1,577.16

Note 16. Borrowings (other than Debt Securities)

(INR in lakh)

Particulars	As at Mar 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
<b>Secured</b>		
Term loans		
(i) from banks	11,797.91	23,022.65
(ii) from other parties	3,882.66	5,543.72
<b>Total (A)</b>	<b>15,680.57</b>	<b>28,566.37</b>
Borrowings in India	15,680.57	28,566.37
Borrowings outside India	-	-
<b>Total (B)</b>	<b>15,680.57</b>	<b>28,566.37</b>

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022
<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	-	135.30
Term Loan from Kotak Mahindra Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of 1.25 times of book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 16 equal quarterly installments	-	1,554.69
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	469.00	1,093.75
Term Loan from Catholic Syrian Bank is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 9 equal quarterly installments after moratorium period of 12 months	1,101.56	2,220.61

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

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2022	Outstanding as on March 31, 2022
Term Loan from Dhanlaxmi Bank is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times Secured Loan receivables and book debts of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 10 equal quarterly installments after moratorium period of 6 months	1,198.24	1,996.46
Term Loan from Axis Bank is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times Secured Loan receivables and book debts of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 12 equal quarterly installments after moratorium period of 3 months	1,497.82	2,244.29
Term Loan from Indian Bank is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the 1.20 times Secured Loan receivables and book debts of the Company.	Interest of 1 year MCLR + Spread	To be repaid in 8 equal quarterly installments after moratorium period of 12 months	2,322.14	2,980.61
Term Loan from Karur Vyasa Bank is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 12 equal quarterly installments after moratorium period of 12 months	830.00	1,659.56
Term Loan from IDFC Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 12 equal quarterly installments after moratorium period of 12 months	-	833.33
Term Loan from DCB Bank Limited is taken for a tenure of 60 months and is secured by a first pari passu charge by way of hypothecation of the the 1.25 times book debts / loan receivable of the Company.	Interest of 3 months MCLR + Spread	To be repaid in 15 equal quarterly installments after moratorium period of 15 months	-	1,333.12
Term Loan from Federal Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of 6 months MCLR + Spread	To be repaid in 10 equal quarterly installments after moratorium period of 18 months	2,856.14	4,400.00

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

Particulars of Borrowings and Nature of Security	Rate of interest	Repayment Schedule	Outstanding as on March 31, 2022	Outstanding as on March 31, 2023
Term Loan from AU Small Finance Bank Limited is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Repo rate of 1 year TBILL + spread	To be repaid in 36 equal quarterly installments	1,524.72	2,355.38
Term Loan from AU Small Finance Bank Limited is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the the 1.10 times book debts / loan receivable of the Company.	Interest of 1 year TBILL + spread	To be repaid in 12 equal quarterly installments	-	215.55
<b>(ii) From Others</b>				
Term Loan from Bajaj Finance Limited is taken for a tenure of 36 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of 1 year HDFC Bank MCLR + Spread	To be repaid in 36 equal quarterly installments	1,039.43	1,873.61
Term Loan from Tata Capital Financial Services Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of Tata's LTLR - Spread	To be repaid in 12 equal quarterly installments after moratorium period of 12 months	2,506.52	1,996.72
Term Loan from Tata Capital Financial Services Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company.	Interest of Tata's LTLR - Spread	To be repaid in 12 equal quarterly installments after moratorium period of 12 months	335.00	1,673.39

**Note 17. Other Financial Liabilities**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Payable to Related Parties	63.46	0.88
(b) Other Payables	193.09	-
<b>Total</b>	<b>256.55</b>	<b>0.88</b>

**Note 18. Provisions**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
- Gratuity (Refer Note no. 36)	203.51	186.96
- Compensated absence	5.98	13.88
- Provision against un-utilised limits on loans	23.60	-
<b>Total</b>	<b>233.09</b>	<b>200.84</b>

**Note 19. Other Non Financial Liabilities**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Revenue received in advance;	28.50	-
(b) Others		
- Statutory remittances (includes Provident Fund, Professional Tax, Tax Deducted at Source, GST)	50.50	70.77
<b>Total</b>	<b>79.00</b>	<b>70.77</b>

**Note 20. Share Capital**

(INR in lakh)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised:</b> Equity Shares of ₹ 1/- each	5,250,000,000	52,500.00	5,250,000,000	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)	4,975,633,325	49,756.33	4,975,633,325	49,756.33
<b>Total</b>	<b>4,975,633,325</b>	<b>49,756.33</b>	<b>4,975,633,325</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, 2023		Year Ended March 31, 2022	
	Number of shares	₹	Number of shares	₹
Shares outstanding at the beginning of the year	4,975,633,325	49,756.33	4,975,633,325	49,756.33
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,975,633,325	49,756.33	4,975,633,325	49,756.33

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

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Avendus Capital Private Limited, the holding Company, together with its nominees	4,975,633,325	100.00%	4,975,633,325	100.00%

**(d) Details of Shares held by Promoters**

Name of Promoter	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Avendus Capital Private Limited, the holding Company, together with its nominees	4,975,633,325	100.00%	4,975,633,325	100.00%

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

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



AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 21. Other Equity

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Contribution from Holding Company</b>		
Opening Balance	213.68	223.99
Additions	7.15	(10.31)
<b>Closing</b>	<b>220.83</b>	<b>213.68</b>
<b>Statutory Reserve</b>		
Opening Balance	3,357.61	2,856.57
Transfer from retained earnings	831.57	501.04
<b>Closing</b>	<b>4,189.18</b>	<b>3,357.61</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	13,515.24	11,511.11
Profit for the year	4,157.81	2,505.17
Transfer to Statutory reserve	(831.56)	(501.04)
<b>Closing</b>	<b>16,841.49</b>	<b>13,515.24</b>
<b>Other comprehensive income - Defined Benefit Plan</b>		
Opening Balance	27.74	20.56
Movement during the year	17.01	9.60
Income Tax on above	(4.28)	(2.42)
<b>Closing</b>	<b>40.47</b>	<b>27.74</b>
	<b>26,434.96</b>	<b>22,257.26</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.

**Other comprehensive income**

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

Note 22. Interest income

(INR in lakh)

Particulars	Year Ended March 31, 2023			Year Ended March 31, 2022		
	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total
Interest on Loans	18,653.22	1,792.67	20,445.89	17,254.61	1,296.56	18,551.17
Interest income from investments	-	95.24	95.24	-	95.18	95.18
Interest on deposits with Banks	169.88	-	169.88	345.12	-	345.12
<b>Total</b>	<b>18,823.10</b>	<b>1,887.91</b>	<b>20,711.01</b>	<b>17,599.73</b>	<b>1,391.74</b>	<b>18,991.47</b>

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
MARCH 31, 2023

**Note 23. Dividend Income** (INR in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Dividend Income on Preference Shares	5.24	-
<b>Total</b>	<b>5.24</b>	<b>-</b>

**Note 24. Fees and commission Income** (INR in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Syndication Fee Income	1,049.40	-
Consultancy Fee Income	56.80	20.63
<b>Total</b>	<b>1,106.20</b>	<b>20.63</b>

**Note 25. Net gain on fair value changes** (INR in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net gain/ (loss) on financial instruments at fair value through profit and loss account :-		
a) On trading portfolio		
- Investments in mutual funds	1,286.96	690.38
- Investments in bonds and preference shares	791.87	500.48
b) On Derivatives	18.99	41.70
c) On Lending Portfolios	546.22	100.53
<b>Net gain/(loss) on fair value changes</b>	<b>2,644.04</b>	<b>1,333.09</b>
Fair Value changes:		
-Unrealised	565.60	209.60
-Realised	2,078.44	1,123.49

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Miscellaneous Income	11.48	18.23
<b>Total</b>	<b>11.48</b>	<b>18.23</b>

**AVENDUS FINANCE PRIVATE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

**Note 27. Finance cost**

**(INR in lakh)**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>At Amortised Cost</b>		
Interest on borrowings	2,179.45	2,299.27
Interest on debt securities	6,543.80	5,946.07
Interest on Others	9.35	0.40
<b>Total</b>	<b>8,732.60</b>	<b>8,245.74</b>

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 28. Impairment losses on financial instruments

(INR in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>At Amortised Cost</b>		
On Loans	5,851.64	4,338.35
<b>Total</b>	<b>5,851.64</b>	<b>4,338.35</b>

\* Impairment loss includes loan written off of Rs 5201.39 Lakhs for the year ended March 31, 2023.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**Note 29. Employee benefits**

(INR in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages including bonus	2,562.79	2,523.16
Contribution to provident and other funds	65.05	68.84
Share Based Payments to employees	7.15	(10.31)
Staff welfare expenses	96.76	64.46
Others		
- Gratuity	35.38	32.02
- Compensated Absences	4.69	20.94
<b>Total</b>	<b>2,771.82</b>	<b>2,699.11</b>

**Note 30. Other expenses**

(INR in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent and energy costs	107.10	122.85
Rates and Taxes	170.37	231.76
Repairs and maintenance	30.74	33.38
Arrangement fee	87.78	80.70
Communication Costs	5.64	4.87
Printing and stationery	4.68	3.62
Director's fees, allowances and expenses	28.50	25.50
Auditor's fees and expenses (Refer note i below)	27.94	19.70
Legal and Professional charges	596.81	644.03
Software Expenses	63.80	77.61
Insurance	30.72	31.42
Travelling and Conveyance	45.48	25.29
Membership fees and Subscription	95.07	106.22
Corporate Social Responsibility Expenses	140.00	147.50
Miscellaneous Expenses	72.05	74.04
<b>Total</b>	<b>1,506.68</b>	<b>1,628.49</b>

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) For audit	19.89	10.00
b) For tax audit	2.25	2.00
c) For certification and other services (including out of pocket expenses)	5.80	7.70
<b>Total</b>	<b>27.94</b>	<b>19.70</b>

(ii) Foreign Exchange Outflow

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Expense in foreign currency	6.89	3.40

Note 31. Tax expense

(a) Amounts recognised in Statement of Profit and Loss

(INR in lakh)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>Current tax expense</b>		
Current year	2,778.08	1,997.08
<b>Deferred tax credit (net)</b>		
Origination and reversal of temporary differences	(1,330.94)	(1,064.50)
<b>Tax expense for the year</b>	<b>1,447.14</b>	<b>932.58</b>

(b) Amounts recognised in other comprehensive income

(INR in lakh)

Particulars	Remeasurements of the defined benefit plans	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Items that will not be reclassified to Statement of Profit and Loss</b>		
Before tax	17.01	9.60
Tax (expense) benefit	(4.28)	(2.42)
<b>Net of tax</b>	<b>12.73</b>	<b>7.18</b>

(c) Reconciliation of effective tax rate

(INR in lakh)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	5,604.95	3,437.75
Company's domestic tax rate	25.17%	25.17%
<b>Tax using the Company's statutory tax rate</b>	<b>1,410.77</b>	<b>865.28</b>
<b>Tax effect of:</b>		
Expenses not allowed under tax	36.37	37.20
Unrecognised deferred tax liability of earlier years	-	30.10
<b>Total tax expense</b>	<b>1,447.14</b>	<b>932.58</b>
<b>Tax expense as per profit and loss</b>	<b>1,447.14</b>	<b>932.58</b>

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 31. Tax expense (Continued)

(d) Movement in deferred tax balances

Movement in deferred tax balances for the year ended 31 March 2023

(INR in lakh)

Particulars	Net balance 1 April 2022	Recognised in profit or loss credit/(charge)	Recognised in OCI	Net balance 31 March 2023
<b>Deferred Tax Assets</b>				
Difference between carrying amount and tax base of fixed assets	2.80	0.52	-	3.32
Provision for Gratuity	51.87	12.73	(4.28)	60.32
Provision for Leave encashment	3.49	(1.99)	-	1.50
Accrued interest and amortised fees on borrowings	1,051.26	942.93	-	1,994.19
Expected Credit Loss on loans	2,262.25	480.33	-	2,742.58
<b>Deferred Tax Liabilities</b>				
Fair valuation on borrowings	(10.50)	(4.78)	-	(15.28)
Fair valuation on investments	(28.62)	(0.10)	-	(28.72)
Fair valuation and amortised fees on loans	(49.99)	(98.70)	-	(148.69)
<b>Net Deferred tax assets</b>	<b>3,282.56</b>	<b>1,330.94</b>	<b>(4.28)</b>	<b>4,609.22</b>

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

Particulars	Net balance 1 April 2021	Recognised in profit or loss credit/(charge)	Recognised in OCI	Net balance 31 March 2022
<b>Deferred Tax Assets</b>				
Difference between carrying amount and tax base of fixed assets	2.05	0.75	-	2.80
Provision for Gratuity	9.73	44.56	(2.42)	51.87
Provision for Leave encashment	(1.47)	4.96	-	3.49
Accrued interest and amortised fees on borrowings	797.89	253.37	-	1,051.26
Expected Credit Loss on loans	1,474.12	788.13	-	2,262.25
<b>Deferred Tax Liabilities</b>				
Fair valuation on borrowings	-	(10.50)	-	(10.50)
Fair valuation on investments	(11.59)	(17.03)	-	(28.62)
Fair valuation and amortised fees on loans	(50.25)	0.26	-	(49.99)
<b>Net Deferred tax assets</b>	140 <b>2,220.48</b>	<b>1,064.50</b>	<b>(2.42)</b>	<b>3,282.56</b>



AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 32. Earnings per share (EPS)

(INR in lakh)

Sr. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1	<b>Profit attributable to ordinary shareholders</b>		
	Profit for the year, attributable to ordinary shareholders (INR In lakh)	4,157.81	2,505.17
2	<b>Calculation of weighted average number of equity shares - Basic</b>		
	Number of shares at the beginning of the year	4,975,633,325	4,975,633,325
	<b>Weighted average number of equity shares for the year - Basic</b>	<b>4,975,633,325</b>	<b>4,975,633,325</b>
3	<b>Calculation of weighted average number of equity shares - Diluted</b>		
	Number of shares at the beginning of the year	4,975,633,325	4,975,633,325
	<b>Weighted average number of equity shares for the year - Diluted</b>	<b>4,975,633,325</b>	<b>4,975,633,325</b>
4	<b>Earning per share</b>		
	Basic (Rs.)	0.08	0.05
	Diluted (Rs.)	0.08	0.05
5	<b>Nominal value of shares (Rs.)</b>	<b>1.00</b>	<b>1.00</b>

**Note:**

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

**Note 33**

**Segment information**

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

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

**Segment information:**

(INR in lakh)

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Business segments		Total	Business segments		Total
	Lending Activities and allied activities	Treasury and Investments Activities		Lending Activities and allied activities	Treasury and Investments Activities	
<b>1. Segment Revenue</b>						
Income from external customers	1,676.65	2,078.83	3,755.48	162.86	1,190.86	1,353.72
Interest Income	20,445.89	265.12	20,711.01	18,551.17	440.30	18,991.47
Unallocable Income	-	-	11.48	-	-	18.23
<b>Total Revenue</b>	<b>22,122.54</b>	<b>2,343.95</b>	<b>24,477.97</b>	<b>18,714.03</b>	<b>1,631.16</b>	<b>20,363.42</b>
<b>2. Segment Results</b>	<b>3,815.38</b>	<b>1,946.03</b>	<b>5,772.89</b>	<b>2,362.07</b>	<b>1,224.65</b>	<b>3,604.95</b>
Less: Unallocable Corporate Expenses			167.94			167.20
<b>3. Profit before tax</b>			<b>5,604.95</b>			<b>3,437.75</b>
<b>4. Tax expenses</b>			1,447.14			932.58
<b>5. Net Profit after taxes</b>			<b>4,157.81</b>			<b>2,505.17</b>
<b>6. Segment Assets</b>						
Carrying amount of segment assets	123,162.16	28,419.28	151,581.44	124,789.72	42,495.17	167,284.89
Unallocated corporate assets	-	-	6,074.10	-	-	4,159.49
<b>Total assets</b>	<b>123,162.16</b>	<b>28,419.28</b>	<b>157,655.54</b>	<b>124,789.72</b>	<b>42,495.17</b>	<b>171,444.38</b>
<b>7. Segment Liabilities</b>						
Carrying amount of segment liabilities	80,817.23	149.97	80,967.20	98,945.49	234.56	99,180.05
Unallocated corporate Liabilities	-	-	497.05	-	-	250.74
<b>Total liabilities</b>	<b>80,817.23</b>	<b>149.97</b>	<b>81,464.25</b>	<b>98,945.49</b>	<b>234.56</b>	<b>99,430.79</b>
<b>8. Capital expenditure</b>	28.37	-	28.37	7.85	-	7.85
<b>9. Depreciation and amortisation</b>	10.28	-	10.28	13.98	-	13.98

**Note:**

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

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

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

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

Note 34

Loans / Investments at amortised cost

34.1 Credit quality of assets

(INR in lakh)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Internal rating grade *</b>								
Performing grade #	111,109.41	1,103.44	-	112,212.85	111,675.01	8,523.65	5,505.26	125,703.92
Under-performing grade	-	-	-	-	-	-	-	-
Non-performing grade	-	-	8,342.40	8,342.40	-	-	-	-
<b>Total</b>	<b>111,109.41</b>	<b>1,103.44</b>	<b>8,342.40</b>	<b>120,555.25</b>	<b>111,675.01</b>	<b>8,523.65</b>	<b>5,505.26</b>	<b>125,703.92</b>

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

(INR in lakh)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount Opening Balance</b>	<b>111,675.01</b>	<b>8,523.65</b>	<b>5,505.26</b>	<b>125,703.92</b>	<b>96,739.99</b>	<b>11,461.08</b>	<b>-</b>	<b>108,201.07</b>
New assets originated (net) ^	72,097.75	64.95	1,049.34	73,212.04	88,673.84	1,422.83	-	90,096.67
Assets derecognised or repaid (excluding write offs) (net)	(72,663.35)	(187.50)	(308.46)	(73,159.31)	(70,128.73)	(1,692.00)	-	(71,820.73)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	(3,610.09)	3,610.09	-	-
Transfers to Stage 3	-	(7,297.66)	7,297.66	-	-	(5,505.26)	5,505.26	-
Amounts written off	-	-	(5,201.40)	(5,201.40)	-	(773.09)	-	(773.09)
<b>Gross carrying amount Closing Balance</b>	<b>111,109.41</b>	<b>1,103.44</b>	<b>8,342.40</b>	<b>120,555.25</b>	<b>111,675.01</b>	<b>8,523.65</b>	<b>5,505.26</b>	<b>125,703.92</b>

^ Includes Interest accrued during the year

Reconciliation of ECL balance is given below:

(INR in lakh)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - Opening Balance</b>	<b>2,278.27</b>	<b>2,106.52</b>	<b>5,200.35</b>	<b>9,585.14</b>	<b>2,543.69</b>	<b>3,476.19</b>	<b>-</b>	<b>6,019.88</b>
Increase/(decrease) ECL on overall asset book	(263.41)	1,308.98	5,000.61	6,046.18	691.93	146.76	3,609.62	4,448.31
Assets derecognised or repaid (excluding write offs)	(231.85)	(13.34)	-	(245.19)	(813.05)	-	-	(813.05)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	(144.30)	144.30	-	-
Transfers to Stage 3	-	(3,341.58)	3,341.58	-	-	(1,590.73)	1,590.73	-
Amounts written back	-	-	(5,200.35)	(5,200.35)	-	(70.00)	-	(70.00)
<b>ECL allowance - Closing Balance</b>	<b>1,783.01</b>	<b>86.38</b>	<b>8,342.40</b>	<b>10,211.79</b>	<b>2,278.27</b>	<b>2,106.52</b>	<b>5,200.35</b>	<b>9,585.14</b>

\*Internal rating grades are classified on below basis

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

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Note 35

Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

(INR in lakh)

As at March 31, 2023 Particulars	Carrying Amount			Total	Fair Value			Total
	Amortised Cost	FVTPL	FVOCI		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
(i) Cash and cash equivalents	3,801.51	-	-	3,801.51	-	-	-	-
(ii) Bank Balance other than Cash and cash equivalents	1,615.82	-	-	1,615.82	-	-	-	-
(iii) Receivables	156.70	-	-	156.70	-	-	-	-
(iv) Loans	110,343.46	12,456.05	-	122,799.51	-	-	131,809.19	131,809.19
(v) Investments	-	24,397.38	-	24,397.38	24,299.00	-	98.38	24,397.38
(vi) Others	60.64	-	-	60.64	-	-	-	-
	<b>115,978.13</b>	<b>36,853.43</b>	<b>-</b>	<b>152,831.56</b>	<b>24,299.00</b>	<b>-</b>	<b>131,907.57</b>	<b>156,206.57</b>
<b>Financial liabilities</b>								
(i) Derivative financial liability	-	341.23	-	341.23	-	-	341.23	341.23
(ii) Trade Payables	1,285.26	-	-	1,285.26	-	-	-	-
(iii) Debt Securities	63,142.00	-	-	63,142.00	-	-	62,809.60	62,809.60
(iv) Borrowings (other than debt securities)	15,680.57	-	-	15,680.57	-	-	15,680.57	15,680.57
(v) Others	256.55	-	-	256.55	-	-	-	-
	<b>80,364.38</b>	<b>341.23</b>	<b>-</b>	<b>80,705.61</b>	<b>-</b>	<b>-</b>	<b>78,831.40</b>	<b>78,831.40</b>

As at March 31, 2022 Particulars	Carrying Amount			Total	Fair Value			Total
	Amortised Cost	FVTPL	FVOCI		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
(i) Cash and cash equivalents	478.06	-	-	478.06	-	-	-	-
(ii) Bank Balance other than Cash and cash equivalents	4,134.26	-	-	4,134.26	-	-	-	-
(iii) Derivative financial asset	-	226.56	-	226.56	226.56	-	-	226.56
(iv) Receivables	28.11	-	-	28.11	-	-	-	-
(v) Loans	116,118.78	8,152.85	-	124,271.63	-	-	132,752.10	132,752.10
(vi) Investments	-	38,461.61	-	38,461.61	38,367.05	-	94.56	38,461.61
(vii) Others	116.78	-	-	116.78	-	-	-	-
	<b>120,875.99</b>	<b>46,841.02</b>	<b>-</b>	<b>167,717.01</b>	<b>38,593.61</b>	<b>-</b>	<b>132,846.66</b>	<b>171,440.27</b>
<b>Financial liabilities</b>								
(i) Derivative financial liability	-	225.70	-	225.70	225.70	-	-	225.70
(ii) Trade Payables	1,253.99	-	-	1,253.99	-	-	-	-
(iii) Debt Securities	68,932.27	-	-	68,932.27	-	-	69,681.33	69,681.33
(iv) Borrowings (other than debt securities)	28,566.37	-	-	28,566.37	-	-	28,566.37	28,566.37
(v) Others	0.88	-	-	0.88	-	-	-	-
	<b>98,753.51</b>	<b>225.70</b>	<b>-</b>	<b>98,979.21</b>	<b>225.70</b>	<b>-</b>	<b>98,247.70</b>	<b>98,473.40</b>

**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023**

**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, Derivative financial liability, 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.

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

**B. Financial risk management**

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

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

**i. Risk management framework**

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

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

**ii. Credit risk**

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

**Methodology followed for ECL computation:**

The Board of Directors of the Company have approved 'Avendus Risk Rating and Expected Credit Losses Policy' (the "ECL Policy") for the purpose of ECL provision on Exposure at Default (EAD). The ECL Policy provides the framework for a) measurement of credit risk associated with counterparties and the facilities (credit exposures) through a Risk Rating Model for loans extended by the Company and b) quantification of the said risk through estimation of expected credit losses (ECL) on loans extended and investments made by the Company.

For Structured Finance:

Avendus Risk Ratings are a representation of its current assessment the relative credit risk associated with the counterparties or facilities over the next 12 months period. Each rating would have an identified expected credit loss percentage assigned. The expected credit loss percentages are based on data provided by a Credit Rating Agency and Professional Accounting / Consulting firm based on the methodology as detailed in the ECL policy considering Counterparty Risk Rating, Facility Risk Rating and Program Risk Rating that incorporates both parts of the ECL framework - i.e. Probability of Default (PD) and Loss Given Default (LGD), each Avendus ECL Facility Risk Rating have an identified expected credit loss percentage assigned.

For Wealth Lending Businesses:

Assumptions for calculation are drawn with reference to the following publications by RBI :

- 1) Discussion Paper on Introduction of Dynamic Loan Loss Provisioning Framework for Banks in India
- 2) Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk

**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023**

**a. Trade receivables**

The Company has a policy under which each new customer is analysed individually for creditworthiness before offering credit period and delivery / service terms and conditions. The Company makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals.

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

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

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

(INR in lakh)

Particulars	Gross carrying amount as at	
	31 March 2023	31 March 2022
Zero Overdue	-	-
Past due 1-90 days	137.63	26.56
More than 90 days	19.07	7.86
Less: Expected Credit Loss	-	(6.31)
	<b>156.70</b>	<b>28.11</b>

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

(INR in lakh)

Particulars	Carrying amount as at			
	31 March 2023		31 March 2022	
	Individual	Collective	Individual	Collective
Opening Balance of Loan	125,703.92	-	108,201.07	-
Add :- Disbursement of Loan	106,861.00	-	58,741.34	-
Less :- Repayment of Loan	112,009.67	-	41,238.49	-
Closing Balance of Loan	120,555.25	-	125,703.92	-
Less :- Impairment	10,211.79	-	9,585.14	-
<b>Net Loans</b>	<b>110,343.46</b>	<b>-</b>	<b>116,118.78</b>	<b>-</b>

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

(INR in lakh)

	31 March 2023	31 March 2022
<b>Opening Balance</b>	9,585.14	6,019.88
Add: Provisions made during the year on disbursements	5,851.64	4,338.35
Less : Write-off / write-back of excess provisions during the year	5,201.39	773.09
<b>Closing Balance</b>	<b>10,235.39</b>	<b>9,585.14</b>

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

The Company held cash and cash equivalents and other bank balances of Rs. 3,801.51 lakh at 31 March 2023 (31 March 2021: Rs. Rs. 478.06 lakh). The cash and cash equivalents are held with banks with good credit ratings and hence no expected credit loss has been recognised.

**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023**

**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.

<b>Contractual Cashflows</b>					
<b>31 March 2023</b>	<b>Gross carrying amount</b>	<b>Total</b>	<b>Up to 1 Year</b>	<b>1 - 5 Years</b>	<b>More than 5 Years</b>
<b>Non derivative financial liabilities</b>					
Trade Payables	1,285.26	1,285.26	1,285.26	-	-
Debt Securities	63,142.00	67,329.48	63,040.44	4,289.04	-
Borrowings (Other than debt securities)	15,680.57	17,360.35	10,409.82	6,950.53	-
Other financial liabilities	256.55	256.55	256.55	-	-
<b>Total</b>	<b>80,364.38</b>	<b>86,231.64</b>	<b>74,992.07</b>	<b>11,239.57</b>	<b>-</b>

<b>Contractual Cashflows</b>					
<b>31 March 2022</b>	<b>Gross carrying amount</b>	<b>Total</b>	<b>Up to 1 Year</b>	<b>1 - 5 Years</b>	<b>More than 5 Years</b>
<b>Non derivative financial liabilities</b>					
Trade Payables	1,253.99	1,253.99	1,253.99	-	-
Debt Securities	68,932.27	79,604.11	12,335.10	67,269.01	-
Borrowings (Other than debt securities)	28,566.37	33,681.36	16,431.84	17,249.52	-
Other financial liabilities	0.88	0.88	0.88	-	-
<b>Total</b>	<b>98,753.51</b>	<b>114,540.34</b>	<b>30,021.81</b>	<b>84,518.53</b>	<b>-</b>

**Note:** 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 2023. (31st March 2022 - Nil)

**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023**

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

<b>Particulars</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Fixed rate instruments</b>		
Financial assets	128,369.98	129,377.69
Financial liabilities	63,142.00	68,932.27
	65,227.98	60,445.42
<b>Variable rate instruments</b>		
Financial assets	4,641.32	4,479.08
Financial liabilities	15,680.57	28,566.37
	(11,039.25)	(24,087.29)

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

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

<b>Particulars</b>	<b>Profit or (Loss)</b>		<b>Equity</b>	
	<b>100 bps increase</b>	<b>100 bps decrease</b>	<b>100 bps increase</b>	<b>100 bps decrease</b>
<b>31 March 2023</b>				
Variable rate instruments	(110.39)	110.39	(82.60)	82.60
Cash flow sensitivity	<b>(110.39)</b>	<b>110.39</b>	<b>(82.60)</b>	<b>82.60</b>
<b>31 March 2022</b>				
Variable rate instruments	(240.87)	240.87	(180.24)	180.24
Cash flow sensitivity	<b>(240.87)</b>	<b>240.87</b>	<b>(180.24)</b>	<b>180.24</b>



AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

**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
<b>Opening Balance(April 1, 2021)</b>	<b>15,684.88</b>
Net change in fair value	100.53
Purchases	94.56
Reclassified	-
Repayments	(7,632.56)
<b>Closing Balance (March 31, 2022)</b>	<b>8,247.41</b>
<b>Opening Balance(April 1, 2022)</b>	<b>8,247.41</b>
Net change in fair value	1,698.77
Purchases	3,500.00
Reclassified	-
Repayments	(891.75)
<b>Closing Balance (March 31, 2023)</b>	<b>12,554.43</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.

(INR in lakh)

Significant unobservable inputs	March 31, 2023				March 31, 2022			
	Impact on Profit or loss		Impact on Equity		Impact on Profit or loss		Impact on Equity	
	Increase by 100 bps	Decrease by 100 bps	Increase by 100 bps	Decrease by 100 bps	Increase by 100 bps	Decrease by 100 bps	Increase by 100 bps	Decrease by 100 bps
Discount rate	(206.45)	212.71	(154.49)	159.17	(171.02)	177.48	(127.97)	132.81

**Note 36**

**Employee benefits**

(INR in lakh)

**A. Defined Contribution Plans**

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

Amount of Rs 65.05 lakhs (March 31, 2022 : Rs 68.84 lakhs) is recognised as an expense and included in "Employee benefits" (refer note 28) in the Statement of Profit and Loss.

**B. Defined Benefit Plans**

**Gratuity**

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

The Company does not have a funded plan for gratuity liability

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

**i. Reconciliation of present value of defined benefit obligation**

	31 March 2023	31 March 2022
Defined benefit obligation at the beginning of the year	186.96	48.05
Current service cost	23.39	21.36
Interest cost	11.99	10.66
Liability Transferred (Out)/ (Divestments)	-	(0.88)
Liability Transferred In/ Acquisitions	-	117.38
arising from changes in financial assumptions	(8.85)	25.03
arising from changes in demographic assumptions	-	(5.81)
arising on account of experience changes	(8.16)	(28.83)
Benefits paid directly by the company	(1.82)	-
<b>Defined benefit obligation at the end of the year</b>	<b>203.51</b>	<b>186.96</b>

**ii. Amount recognised in Balance Sheet**

	31 March 2023	31 March 2022
Defined benefit obligation	(203.51)	(186.96)
Fair value of plan assets	-	-
<b>Net defined benefit (obligation)/assets</b>	<b>(203.51)</b>	<b>(186.96)</b>

**iii. Expense recognised in the Statement of Profit and Loss**

	31 March 2023	31 March 2022
<b>(i) Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	23.39	21.36
Interest cost	11.99	10.66
	<b>35.38</b>	<b>32.02</b>
<b>(ii) Expense recognised in the Other comprehensive income</b>		
Actuarial (gains) losses on defined benefit obligations		
- arising from changes in financial assumptions	(8.85)	25.03
- arising from changes in demographic assumptions	-	(5.81)
- arising on account of experience changes	(8.16)	(28.83)
	<b>(17.01)</b>	<b>(9.61)</b>

**iv. Actuarial assumptions**

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

	31 March 2023	31 March 2022
<b>Financial assumptions</b>		
Discount rate	7.30%	6.41%
Salary escalation	10.00%	10.00%
Employee turnover	15.00%	15.00%

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

Assumptions regarding future mortality are based on published Statistics & Mortality tables. The calculation of death benefit obligation is sensitive to the mortality assumptions.

The Company expects NIL contribution to be paid to its defined benefit plan in the next year.

**v. Sensitivity analysis**

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

	31 March 2023	31 March 2022
<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 increase in discount rate	(9.13)	(9.07)
(ii) One percent decrease in discount rate	9.99	9.96
(iii) One percent increase in rate of salary increase	9.64	9.53
(iv) One percent decrease in rate of salary increase	(9.00)	(8.86)
(v) One percent increase in employee turnover	(1.62)	(2.18)
(vi) One percent decrease in employee turnover	1.73	2.33

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

Projected Benefits Payable in Future Years From the Date of Reporting	31 March 2023	31 March 2022
1st Following Year	25.26	21.17
2nd Following Year	24.91	20.98
3rd Following Year	24.13	20.59
4th Following Year	22.75	20.27
5th Following Year	21.66	19.31
Sum of Years 6 To 10	133.28	126.96
Sum of Years 11 and above	53.38	43.33

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Note 37  
Capital management

(INR in lakh)

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

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

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

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

Particulars	31 March 2023	31 March 2022
Debt securities	63,142.00	68,932.27
Borrowings (Other than Debt Securities)	15,680.57	28,566.37
Other Financial Liabilities	256.55	0.88
<b>Gross debt</b>	<b>79,079.12</b>	<b>97,499.52</b>
Less - Cash, cash equivalents & Other bank balances	5,417.33	4,612.32
<b>Adjusted net debt</b>	<b>73,661.79</b>	<b>92,887.20</b>
<b>Total equity</b>	<b>76,191.29</b>	<b>72,013.59</b>
<b>Adjusted net debt to equity ratio</b>	<b>0.97</b>	<b>1.29</b>
<b>CRAR</b>	<b>48.10%</b>	<b>41.89%</b>

Note 38

I.Capital Commitments

Particulars	31 March 2023	31 March 2022
1. Estimated amount of contracts remaining to be executed on Intangible assets (Net of capital advance)	-	-
2. Estimated amount of contracts remaining to be executed on Tangible assets	-	-

II. Other Commitments

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

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

Note 39

Corporate Social responsibility

(INR in lakh)

- a) Gross amount required to be spent by the Company during the year for Corporate Social Responsibility (CSR) :- Rs.140.00 lakh; (Previous year Rs. 147.50 lakh)  
b) Following are the details of amount spent during the year for CSR:

Particulars	For the year ended March 31, 2022		
	Amount Spent	Amount unpaid	Total
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	140.00	-	140.00
Particulars	For the year ended March 31, 2022		
	Amount Spent	Amount unpaid	Total
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	147.50	-	147.50

The nature of CSR activities:

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

**Note 40**

**EMPLOYEE STOCK COMPENSATION :**

- (i) As approved by the Shareholders of the Avendus Capital Private Limited ("Holding Company") on December 23, 2016, May 9, 2018 and September 10, 2018; the company has granted stock options under the Employees Stock Option Scheme I 2016 (ESOP 2016) Employee Stock Option Scheme, 2018 (ESOP 2018 I) & Employee Stock Option Scheme II, 2018 (ESOP 2018 II) respectively.
- (ii) The holding company had reserved a total of 75,456 equity shares of the holding Company (March 31, 2022: 75,456 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 per share (Rs.)	4,222.00	3,893.00	3,893.00	3,893.00	3,893.00
Contractual Life	Upto 4 years	4 years	4.53 years	5.53 years	6.53 years
Vesting Period	Over a period of 1 year from the date of grant	Over a period of 1 year from the date of grant	Over a period of 1.53 years from the date of grant	Over a period of 2.53 years from the date of grant	Over a period of 3.53 years from the date of grant
Weighted average remaining contractual life	Vested	Vested	Vested	0.69 Years	1.69 Years
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Fair Value of the option per share (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, 2023	As at March 31, 2022
Opening Balance	5,064	5,064
Granted during the year	NIL	NIL
Exercised during the year	33	NIL
Cancelled/ lapsed during the year	NIL	NIL
Forfeited during the year	NIL	NIL
Closing Balance	5,031	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, 2023

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	Tranche VI
Grant Date	30 June 2018	30 June 2018	30 June 2018	30 June 2018	30 June 2018	22 May 2021
No. of Options granted	5,366	3,616	18,056	19,139	4,208	2,857
Exercise Price per Share (Rs.)	4994.42	4994.42	4994.42	4994.42	4994.42	7000
Contractual Life	3.25 years	4.25 years	5.25 years	6.26 years	7.26 years	4.39 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	Over a period of 5 years from the date of grant
Weighted average remaining contractual life	Vested	0.50 years	1.50 years	2.50 years	3.51 years	3.53 years
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity
Fair Value of the option per share (Rs.)	1,198.48	1,489.46	1,734.47	1,940.18	2,112.60	2,565.74

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, 2023	As at March 31, 2022
Opening Balance	12,442	10,956
Granted during the year	NIL	2,857
Exercised during the year	214	NIL
Cancelled/ lapsed during the year	3,381	1,371
Forfeited during the year	NIL	NIL
Closing Balance	8,847	12,442

Particulars	ESOP 2018 I						Valuation Consideration
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	
Risk free interest rate *	7.59%- 8.14%	7.59%- 8.14%	7.59%- 8.14%	7.59%- 8.14%	7.59%- 8.14%	5.50%	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	7000	As per Scheme
Expected Volatility	33.41%	33.41%	33.41%	33.41%	33.41%	41.05%	Based on historical data for industry comparables
Expected Dividend yield	1.5%	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	7000	

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

Type of Arrangement	ESOP 2018 II				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Grant Date	28 September 2018	28 September 2018	28 September 2018	28 September 2018	26 November 2021
No. of Options granted	1,876	3,438	3,438	3,438	2,125
Exercise Price per share (Rs.)	4994.42	4994.42	4994.42	4994.42	8000
Contractual Life	5 years	5.01 years	6.01 years	7.01 years	5 years
Vesting Period	Over a period of 1 year from the date of grant	Over a period of 1.51 years from the date of grant	Over a period of 2.51 years from the date of grant	Over a period of 3.51 years from the date of grant	Over a period of 5 years from the date of grant
Weighted average remaining contractual life	1.50 years	1.50 years	2.51 years	3.51 years	4.66 years
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Fair Value of the option per share (Rs.)	1,329.44	1,595.53	1,820.76	2,006.50	3,182.12

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

Particulars	ESOP 2018 II	
	As at March 31, 2022	As at March 31, 2022
Opening Balance	2,125	NIL
Granted during the year	NIL	2,125
Exercised during the year	NIL	NIL
Cancelled/ lapsed during the year	1,125	NIL
Forfeited during the year	NIL	NIL
Closing Balance	1,000	2,125

Particulars	ESOP 2018 II					Valuation Consideration
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	
Risk free interest rate	7.96%- 8.12%	7.96%- 8.12%	7.96%- 8.12%	7.96%- 8.12%	5.77%	The risk free rate has been taken based on yield on G-sec for option life
Exercise price per option	4994.42	4994.42	4994.42	4994.42	8000.00	As per Scheme
Expected Volatility	33.42%	33.42%	33.42%	33.42%	40.66%	Based on historical data for industry comparables
Expected Dividend yield	1.5%	1.5%	1.5%	1.5%	1.5%	
Share Price on Grant date	4994.42	4994.42	4994.42	4994.42	8000.00	

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

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

**AVENDUS FINANCE PRIVATE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023**

**Note 41 RELATED PARTY TRANSACTIONS**

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

<b>Sr.</b>	<b>Description of relationship</b>	<b>Names of related parties</b>
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	Kaushal Kumar Aggarwal - Managing Director and CEO (Appointed w.e.f. 27-06-2020)
6	Key Managerial Personnel	Gaurav Deepak - Non Executive Director (Appointed w.e.f. 24-12-2020)
7	Key Managerial Personnel	Pijush Sinha - Non Executive Director
8	Key Managerial Personnel	Deba Prasad Roy- Independent Director
9	Key Managerial Personnel	Nitin Singh-Whole Time Director (Stepped down as Whole Time Director w.e.f 31-03-2022 and continues to be Non-Executive Director)
10	Key Managerial Personnel	Padmaja Ruparel- Independent Director
11	Key Managerial Personnel	Suresh Shankar Menon - Independent Director
12	Key Managerial Personnel	Mr. Nikhilesh Panchal - Additional Director (Independent Director) (Appointed w.e.f. 29-03-2023)



AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

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

(INR in lakh)

Particulars	Avendus Capital Private Limited	Avendus Wealth Management Private Limited	Avendus PE Investment Advisors Private Limited	Avendus Capital Alternate Strategies	Key Managerial Personnel	Total
<b>Transactions during the year</b>						
<b>Remuneration Paid *</b>						
Mar-23	-	-	-	-	400.00	400.00
Mar-22	-	-	-	-	565.00	565.00
<b>Sitting Fees Paid</b>						
Mar-23	-	-	-	-	28.50	28.50
Mar-22	-	-	-	-	25.50	25.50
<b>Reimbursement of Expenses</b>						
Mar-23	699.59	-	-	-	-	699.59
Mar-22	551.33	(0.88)	-	-	-	550.45
<b>Consultancy Fees- Expenses</b>						
Mar-23	-	392.92	-	-	-	392.92
Mar-22	-	405.81	-	-	-	405.81
<b>Refferal fees- Expenses</b>						
Mar-23	-	87.78	-	-	-	87.78
Mar-22	-	80.70	-	-	-	80.70
<b>Advisorv Fees</b>						
Mar-23	-	-	56.80	-	-	56.80
Mar-22	-	-	20.94	-	-	20.94
<b>Arrangers Fee</b>						
Mar-23	-	-	-	-	-	-
Mar-22	-	459.80	-	-	-	459.80

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Particulars	Avendus Capital Private Limited	Avendus Wealth Management Private Limited	Avendus PE Investment Advisors Private Limited	Avendus Capital Alternate Strategies Private Limited	Key Managerial Personnel	Total
<b>Balances outstanding at the end of the year</b>						
<b>Payables</b>						
<b>Reimbursement of expenses</b>						
Mar-23	63.46	-	-	-	-	63.46
Mar-22	-	-	-	-	313.20	313.20
<b>Consultancy Fees- Expenses</b>						
Mar-23	-	126.52	-	-	-	126.52
Mar-22	-	219.09	-	-	-	219.09
<b>Refferal fees- Expenses</b>						
Mar-23	-	23.45	-	-	-	23.45
Mar-22	-	20.12	-	-	-	20.12
<b>Receivables</b>						
<b>Advisory Fees</b>						
Mar-23	-	-	46.70	-	-	46.70
Mar-22	70.95	-	22.27	-	-	93.22

Above key managerial personnel is in accordance with Ind AS 24. Hence, does not includes Chief Financial Officer and Company Secretary. As per Companies Act, 2013 key managerial personnel includes Chief Financial Officer and Company Secretary whose remuneration amounts to Rs. 37.45 lakhs (Previous Year Rs. 35.20 lakhs).

Remuneration excludes provision for gratuity payable.

**Note:**

- (i) There are no amounts written off or written back during the year for debts due from or to related parties
- (ii) The Company has commitment of certain percentage to co-invest along with Avendus Structured Credit-Fund I, managed by Avendus PE Investment Advisors Private Limited.

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

**Note 42. Maturity Analysis of Assets and Liabilities**

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

(INR in lakh)

Assets		31-Mar-23			31-Mar-22		
		Within 12 month	After 12 Months	Total	Within 12 month	After 12 Months	Total
<b>(1)</b>	<b>Financial Assets</b>						
(a)	Cash and cash equivalents	3,801.51	-	3,801.51	478.06	-	478.06
(b)	Bank Balance other than (a) above	1,615.82	-	1,615.82	3,595.99	538.27	4,134.26
(c)	Derivative financial asset	-	-	-	-	226.56	226.56
(d)	Receivables						
(i)	Trade Receivables	156.70	-	156.70	28.11	-	28.11
(e)	Loans	30,413.18	92,386.33	122,799.51	53,021.31	71,250.32	124,271.63
(f)	Investments	24,298.99	98.39	24,397.38	38,461.61	-	38,461.61
(g)	Other Financial assets	60.64	-	60.64	116.78	-	116.78
<b>(2)</b>	<b>Non-Financial Assets</b>						
(a)	Current tax assets (net)	-	70.16	70.16	-	149.97	149.97
(b)	Deferred Tax Assets (Net)	-	4,609.22	4,609.22	-	3,282.56	3,282.56
(c)	Property, Plant and Equipment	-	18.56	18.56	-	32.56	32.56
(d)	Other Intangible Assets	-	15.58	15.58	-	-	-
(e)	Other non-financial assets	12.78	97.68	110.46	13.38	248.90	262.28
	<b>Total Assets</b>	<b>60,359.62</b>	<b>97,295.92</b>	<b>157,655.54</b>	<b>95,715.24</b>	<b>75,729.14</b>	<b>171,444.38</b>
Liabilities and Equity		Within 12 month	After 12 Months	Total	Within 12 month	After 12 Months	Total
<b>(1)</b>	<b>Liabilities</b>						
	<b>Financial Liabilities</b>						
(a)	Derivative financial liability	341.23	-	341.23	-	225.70	225.70
(b)	Payables						
(i)	Trade Payables						
(i)	total outstanding dues of micro enterprises and small enterprises	0.81	-	0.81	-	-	-
(ii)	total outstanding dues of creditors other than micro enterprises and	1,284.45	-	1,284.45	1,253.99	-	1,253.99
(c)	Debt securities	59,219.91	3,922.09	63,142.00	11,437.03	57,495.24	68,932.27
(d)	Borrowings (Other than Debt Securities)	9,205.80	6,474.77	15,680.57	13,139.79	15,426.58	28,566.37
(e)	Other financial liabilities	256.55	-	256.55	0.88	-	0.88
<b>(2)</b>	<b>Non-Financial Liabilities</b>						
(a)	Current tax liabilities (Net)	446.55	-	446.55	179.97	-	179.97
(b)	Provisions	5.98	227.11	233.09	35.05	165.79	200.84
(c)	Other non-financial liabilities	79.00	-	79.00	70.77	-	70.77
	<b>Total Liabilities (A)</b>	<b>70,840.28</b>	<b>10,623.97</b>	<b>81,464.25</b>	<b>26,117.48</b>	<b>73,313.31</b>	<b>99,430.79</b>
<b>(3)</b>	<b>Equity</b>						
(a)	Equity share capital	-	49,756.33	49,756.33	-	49,756.33	49,756.33
(b)	Other equity	-	26,434.96	26,434.96	-	22,257.26	22,257.26
	<b>Total Equity (B)</b>	<b>-</b>	<b>76,191.29</b>	<b>76,191.29</b>	<b>-</b>	<b>72,013.59</b>	<b>72,013.59</b>
	<b>Total Liabilities and Equity (A+B)</b>	<b>70,840.28</b>	<b>86,815.26</b>	<b>157,655.54</b>	<b>26,117.48</b>	<b>145,326.90</b>	<b>171,444.38</b>

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Note 43. Schedule to the Balance Sheet of a Non- deposit taking financial company (INR in lakh)  
(as required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time)

Sr.No	Particulars	As at March 31, 2023		As at March 31, 2022	
		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 Debentures :				
	Secured	63,142.00	-	68,932.27	-
	Unsecured (Other than falling within the meaning of public deposits)	-	-	-	-
	b Deferred Credits	-	-	-	-
	c Term Loans	15,680.57	-	28,566.37	-
	d Inter - corporate loans and borrowings	-	-	-	-
e Commercial paper	-	-	-	-	
f Other Loans	-	-	-	-	
2	<b>Assets side</b> Break-up of Loans and Advances including bills (other than those included in (3) below) :				
	a Secured	118,891.01	-	123,014.14	-
	b Unsecured	3,908.50	-	1,257.49	-
3	<b>Break up of Leased Assets and Stock on hire and other assets counting towards AFC activities</b>				
	i Lease assets including lease rentals under sundry debtors				
	a Financial Lease	-	-	-	-
	b Operating Lease	-	-	-	-
	ii Stock on hire including hire charges under sundry debtors				
	a Assets on hire	-	-	-	-
	b Repossessed Assets	-	-	-	-
	iii Other loans counting towards AFC activities				
	a Loans where assets have been repossessed	-	-	-	-
	b Loans other than (a) above	-	-	-	-
4	<b>Break up of Investments</b>				
	1 <b>Quoted</b>				
	i <b>Shares</b>				
	Equity	0.01	-	0.01	-
	Preference	-	-	6.13	-
	ii Debentures and Bonds	-	-	-	-
	iii Units of mutual funds	24,298.99	-	38,360.91	-
	iv Government Securities	-	-	-	-
	v Others (please specify)	-	-	-	-
	2 <b>Unquoted</b>				
	i <b>Shares</b>				
	Equity	-	-	-	-
	Preference	98.38	-	94.56	-
	ii Debentures and Bonds	-	-	-	-
iii Units of mutual funds	-	-	-	-	
iv Government Securities	-	-	-	-	
v Others (please specify)	-	-	-	-	

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Sr.No	Particulars	As at March 31, 2023			As at March 31, 2022		
5	<b>Borrower group- wise classification of assets financed as in (2) and (3) above:</b>						
	Category	<b>Amount net of provisions</b>			<b>Amount net of provisions</b>		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1 Related Parties						
	a Subsidiaries	-	-	-	-	-	-
	b Companies in the same group	-	-	-	-	-	-
	c other related parties	-	-	-	-	-	-
	2 Other than related parties	118,891.01	3,908.50	122,799.51	123,014.14	1,257.49	124,271.63
	<b>Total</b>	<b>118,891.01</b>	<b>3,908.50</b>	<b>122,799.51</b>	<b>123,014.14</b>	<b>1,257.49</b>	<b>124,271.63</b>
	6	<b>Investor Group- wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>					
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			24,397.38	-	38,461.61	-	
7	<b>Other Information</b>						
	i Gross Non - performing Assets						
	a Related parties			-	-		
	b Other than related parties			8,342.40	5,505.26		
	ii Net Non - performing Assets						
	a Related parties			-	-		
	b Other than related parties			-	304.91		
iii Assets acquired in satisfaction of debt			-	104.11			

Note 44. Disclosure in terms of paragraph 25 on 'Norms for restructuring of advances' of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(INR in lakh)

Sl No.	Type of Restructuring Asset Classification	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	<b>Restructured Accounts at April 1, 2022*</b>																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	3	1	-	-	4	3	1	-	-	-	4
	Amount outstanding	-	-	-	-	-	-	-	-	-	13,933.56	5,211.61	-	-	19,145.17	13,933.56	5,211.61	-	-	-	19,145.17
	Provision thereon	-	-	-	-	-	-	-	-	-	2,090.30	5,201.39	-	-	7,291.69	2,090.30	5,201.39	-	-	-	7,291.69
2	<b>Fresh restructuring during the year ended March 31, 2023</b>																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	<b>Upgradations to restructured standard category during the year ended March 31, 2023</b>																				
	No. of borrowers *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	<b>Restructured standard advances at April 1, 2022, which cease to attract higher provisioning and/or additional risk weight at March 31, 2023 and hence need not be shown as restructured standard advances at March 31, 2023</b>																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	<b>Downgradations of restructured accounts during the year ended March 31, 2023</b>																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	(1)	-	1	-	-	(1)	-	1	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	(8,342.40)	-	8,342.40	-	-	(8,342.40)	-	8,342.40	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	(8,342.40)	-	8,342.40	-	-	(8,342.40)	-	8,342.40	-	-	-
6	<b>Write-offs of restructured accounts during the year ended March 31, 2023</b>																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1	-	-	-	1
	Amount outstanding*	-	-	-	-	-	-	-	-	-	5,211.61	-	-	5,211.61	-	5,211.61	-	-	-	-	5,211.61
	Provision thereon	-	-	-	-	-	-	-	-	-	5,201.39	-	-	5,201.39	-	5,201.39	-	-	-	-	5,201.39
7	<b>Restructured Accounts at March 31, 2023</b>																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	2	-	1	-	3	2	-	1	-	-	3
	Amount outstanding*	-	-	-	-	-	-	-	-	-	6,203.89	-	8,342.40	-	14,546.29	6,203.89	-	8,342.40	-	-	14,546.29
	Provision thereon	-	-	-	-	-	-	-	-	-	86.40	-	8,342.40	-	8,428.80	86.40	-	8,342.40	-	-	8,428.80

\* Amount outstanding is adjusted for interest accruals and repayments during the year.

Note 45 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.

**45.1 Capital**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	48.10%	41.89%
CRAR - Tier I Capital (%)	46.81%	40.64%
CRAR - Tier II Capital (%)	1.29%	1.25%
Amount of subordinated debt raised as Tier-II Capital (₹)	-	-
Amount raised by issue of Perpetual Debt Instruments (₹)	-	-

**45.2 Investments**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	24,397.38	38,461.61
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	24,397.38	38,461.61
(b) Outside India	-	-
(2) Movement of Provisions held towards depreciation on Investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

**45.3 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 2023 and 31 March 2022.

**45.4 Securitisation**

The Company has not entered into any Securitisation transactions during the financial year ended 31 March 2023 and 31 March 2022.

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

45.5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31 March 2023

(INR in lakh)

Particulars	Over 1 days to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	656.13	-	1,042.74	2,315.45	2,034.44	10,227.76	14,136.66	56,867.33	31,182.34	4,336.66	122,799.51
Investments	24,298.99	-	-	-	-	-	-	-	98.39	-	24,397.38
Borrowings	-	221.73	536.72	672.22	5,087.98	16,684.49	45,222.57	10,396.86	-	-	78,822.57
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

45.5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31 March 2022

Particulars	Over 1 days to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	824.73	-	-	212.00	637.17	9,367.88	42,804.26	56,992.10	13,423.35	10.14	124,271.63
Investments	38,360.91	-	-	-	-	-	-	-	6.14	94.56	38,461.61
Borrowings	-	-	1,015.89	1,075.54	1,721.16	10,876.51	9,901.38	71,691.22	1,216.94	-	97,498.64
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

**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.



45.6 Exposures

A. Exposure to Real Estate Sector

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<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. Exposure would also include non-fund based (NFB) limits.	-	-
<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.	7,061.60	-
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential,	-	-
b. Commercial Real Estate	-	-
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>7,061.60</b>	<b>-</b>

B. Exposure to Capital Market

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.01	0.01
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	22,138.36	27,581.51
(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;	64,770.83	7,005.26
(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;	1,035.37	8,079.25
(vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposure to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>87,944.57</b>	<b>42,666.03</b>

C. Details of financing parent company products as at 31 March 2023 - Nil (Previous year - Nil)

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

During the year, the Company has not exceeded the SGL and GBL limit as prescribed under NBFC Regulation.

E. Unsecured Advances as at 31 March 23 - Rs. 2,178.90 lakh (Previous Year - 1,260.15 Lakh)

**45.7 Miscellaneous Details**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(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	Nil
(c) Bank Loan Long term	ACUITE AA-/POSITIVE , CRISIL A+/STABLE	ACUITE AA-/STABLE , CRISIL A+/STABLE
(d) Principal Protected Market Linked Debentures	CRISIL PPMLD A+ r /STABLE	CRISIL PPMLD A+ r /STABLE
(e) Commercial Paper	CRISIL A1+, CARE A1+	CRISIL A1+, CARE A1+
(iii) Penalties, if any, levied by any regulator	Nil	Nil
(iv) information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries	Not applicable	Not applicable
The assets of the Company provide adequate coverage of the total secured borrowings of the Company, which is within the limits prescribed under the terms of issues / debenture trust deeds.		

**45.8 Additional Disclosure**

**A) Provision and Contingencies**

(INR in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	As at March 31, 2023	As at March 31, 2022
Provisions for Depreciation on Investment	-	-
Provision towards NPA	8,342.40	-
Provision made towards Income tax	2,778.08	1,997.08
<b>Other Provisions and Contingencies:</b>		
-Provision for Gratuity	35.38	32.02
-Provision for Compensated absences	4.69	20.94
Contingent Provision against standard assets	650.25	3,565.26
<b>Total</b>	<b>11,810.80</b>	<b>5,615.30</b>

**B) Draw Down from Reserves is Nil as at 31 March 23 (Previous year Nil)**

**45.9 Concentration of Advances, Exposures and NPAs**

**A) Concentration of Advances**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Advances to twenty largest borrowers	111,999.53	115,692.65
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	84.20%	86.43%

**B) Concentration of Exposures**

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to twenty largest borrowers / customers	112,229.53	118,192.65
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	83.63%	84.15%

**C) Concentration of NPAs**

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to top four NPA accounts	8,342.40	5,505.26

**D) Sector-wise NPAs**

Sector	As at March 31, 2023	As at March 31, 2022
	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	13.23%	8.94%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

**45.10 Movement of NPAs**

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Net NPAs to Net Advances (%)	0.00%	0.25%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5,505.26	-
(b) Additions during the year	8,342.40	5,505.26
(c) Reductions during the year	(5,505.26)	-
(d) Closing balance	8,342.40	5,505.26
(iii) Movement of Net NPAs		
(a) Opening balance	304.91	-
(b) Additions during the year	-	304.91
(c) Reductions during the year	(304.91)	-
(d) Closing balance	-	304.91
(iv) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
(a) Opening balance	5,200.35	-
(b) Provisions made during the year	8,342.40	5,200.35
(c) Write-off / write-back of excess provisions	(5,200.35)	-
(d) Closing balance	8,342.40	5,200.35

45.11 Overseas Assets for those Joint venture and Subsidiaries abroad as at 31 March 2023 - Nil (Previous Year - Nil)

45.12 Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as at 31 March 2023 - Nil (Previous Year - Nil)

**45.13 Disclosure of Customer Complaints**

Particulars	As at March 31, 2023	As at March 31, 2022
(a) No. of complaints received during the year	-	-
(b) No. of complaints redressed during the year	-	-
(c) No. of complaints pending at the end of the year	-	-

**Note 46. Disclosure as per Ind AS 115**

Disaggregated revenue from operations based on Ind AS 115 (INR in lakh)

Particulars	31-Mar-23	31-Mar-22
<b>Based on service type</b>		
Fees and Commission Income	1,106.20	20.63
<b>Based on geography</b>		
Within India	1,106.20	20.63
Outside India	-	-

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

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

**B. Determination of performance obligations**

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

**Disclosure of contract balances**

Contract Assets	31-Mar-23	31-Mar-22
Trade receivables	156.70	34.42
Less : Impairment loss allowance	-	(6.31)
Net Trade Receivables	156.70	28.11

**Note 47. Disclosures under Ind AS 116 - Leases**

Cash outflow for leases for the year ended March 31, 2023 is Zero (Previous Year : Rs 2.40 lakh)

Expense of Rs. 104.85 lakh (Previous Year : 122.85 lakh) relating to short term leases and leases of low-value assets for the year ended March 31, 2023 is included in "Rent and energy cost" of Note 29 "Other Expenses"

**Note 47.1 Movement in other provisions during the year is as under:**

Particulars	Gratuity	Compensated absence	Provision against un-utilised limits on loans	Total Provision
Opening Balances as at 01 April, 2021	48.05	10.59	-	58.64
Add: Additions during the year (net)	138.91	3.29	-	142.20
<b>Closing Balances as at 31 March 2022</b>	<b>186.96</b>	<b>13.88</b>	-	<b>200.84</b>
Add: Additions/reduction during the year (net)	16.55	(7.90)	23.60	32.25
<b>Closing Balances as at 31 March 2023</b>	<b>203.51</b>	<b>5.98</b>	<b>23.60</b>	<b>233.09</b>

**AVENDUS FINANCE PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023**

**Note 48. Other Statutory Information**

- (i) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in crypto currency or virtual currency during the financial year
- (v) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority
- (vi) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vii) Analytical Ratio's :

Ratio	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	48.10%	41.89%	6.21%	NA
Tier I CRAR	46.81%	40.64%	6.17%	NA
Tier II CRAR	1.29%	1.25%	0.04%	NA
Liquidity Coverage Ratio	NA	NA	NA	NA

**Note 49. Disclosure u/s. 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	0.81	-
Interest	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

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

**Note 50.**

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

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Note 51 Public disclosure on liquidity risk (Pursuant to Liquidity Risk Framework Clause ix)

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

(INR in lakh)

Sr. No.	Number of Significant Counterparties	As on 31 March 2023		
		Amount	% of Total deposits	% of Total Liabilities
1	30	60,357.02	-	74.09%

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

Sr. No.	Particulars	As at 31st March 2023
1	Not Applicable	

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

Sr. No.	Particulars	As at 31st March 2023	
		Amount	% of Total Borrowings
1	Market Linked Debentures	18,465.55	23.43%
2	Federal Bank	2,856.14	3.62%
3	TATA Capital Financial Services Ltd	2,841.52	3.60%
4	Indian Bank (NCD)	2,698.71	3.42%
5	Indian Bank	2,322.14	2.95%
6	Catholic Syrian Bank (NCD)	1,577.74	2.00%
7	Catholic Syrian Bank	1,570.56	1.99%
8	AU Finance Bank	1,524.72	1.93%
9	Axis Bank	1,497.82	1.90%
10	Dhanlaxmi Bank	1,198.24	1.52%

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

**Note 51 Public disclosure on liquidity risk (Pursuant to Liquidity Risk Framework Clause ix)**

**(iv) Funding Concentration based on significant instrument/product**

Sr. No.	Name of the instrument/product	As on 31 March 2023	
		Amount	% of Total Liabilities
1	Non - Convertible Debentures	22,742.00	27.92%
2	Long Term Loan	15,680.57	19.25%
3	Short Term Loan (Commercial Paper)	-	0.00%

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

(a)	Commercial papers as a % of total public funds, total liabilities and total assets	N.A
i)	Commercial papers as a % of total public funds	N.A
ii)	Commercial papers as a % of total liabilities	N.A
iii)	Commercial papers as a % of total assets	N.A
(b)	Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	NIL
(c)	Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets	
i)	Short-term liability as a % of total public funds	89.87%
ii)	Short-term liability as a % of total liabilities	86.96%
ii)	Short-term liability as a % of total assets	44.93%

**(vi) Institutional set-up for liquidity risk management**

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

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Note 52 Disclosure on Asset Classification as per RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20

For the year ended March 31, 2023

(INR in lakh)

Asset Classification as per RBI Norms	Asset Classification as per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowances (Provisions) as required under IND AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND AS 109 provisions and IRACP Norms
Performing Assets						
Standard	Stage 1	111,109.41	1,783.01	109,326.40	444.44	1,338.57
	Stage 2	1,103.44	86.38	1,017.06	20.12	66.26
Non- Performing Assets (NPA)						
Sub Standard	Stage 3	-	-	-	-	-
Doubtful - Upto 1 year	Stage 3	8,342.40	8,342.40	-	1,668.48	6,673.92
1 to 3 years	Stage 3	-	-	-	-	-
More Than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for Doubtful</b>		<b>8,342.40</b>	<b>8,342.40</b>	<b>-</b>	<b>1,668.48</b>	<b>6,673.92</b>
Loss	Stage-3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>8,342.40</b>	<b>8,342.40</b>	<b>-</b>	<b>1,668.48</b>	<b>6,673.92</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		-	23.60	-	-	23.60
<b>Subtotal</b>		<b>-</b>	<b>23.60</b>	<b>-</b>	<b>-</b>	<b>23.60</b>
<b>Total</b>	Stage-1	111,109.41	1,783.01	109,326.40	444.44	1,338.57
	Stage-2	1,103.44	86.38	1,017.06	20.12	66.26
	Stage-3	8,342.40	8,342.40	-	1,668.48	6,673.92
	<b>Total</b>	<b>120,555.25</b>	<b>10,211.79</b>	<b>110,343.46</b>	<b>2,133.04</b>	<b>8,078.75</b>



AVENDUS FINANCE PRIVATE LIMITED  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Note 52 Disclosure on Asset Classification as per RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20  
 For the year ended March 31, 2022

(INR in lakh)

Asset Classification as per RBI Norms	Asset Classification as per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowances (Provisions) as required under IND AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND AS 109 provisions and IRACP Norms
Performing Assets						
Standard	Stage 1	111,675.01	2,278.27	109,396.74	446.70	1,831.57
	Stage 2	8,523.65	2,106.52	6,417.13	852.37	1,254.15
Non- Performing Assets (NPA)						
Sub Standard	Stage 3	-	-	-	-	-
Doubtful - Upto 1 year	Stage 3	5,505.26	5,200.35	304.91	1,101.05	4,099.30
1 to 3 years	Stage 3	-	-	-	-	-
More Than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for Doubtful</b>		<b>5,505.26</b>	<b>5,200.35</b>	<b>304.91</b>	<b>1,101.05</b>	<b>4,099.30</b>
Loss	Stage-3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>5,505.26</b>	<b>5,200.35</b>	<b>304.91</b>	<b>1,101.05</b>	<b>4,099.30</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>5,505.26</b>	<b>5,200.35</b>	<b>304.91</b>	<b>1,101.05</b>	<b>4,099.30</b>
<b>Total</b>	Stage-1	111,675.01	2,278.27	109,396.74	446.70	1,831.57
	Stage-2	8,523.65	2,106.52	6,417.13	852.37	1,254.15
	Stage-3	5,505.26	5,200.35	304.91	1,101.05	4,099.30
	<b>Total</b>	<b>125,703.92</b>	<b>9,585.14</b>	<b>116,118.78</b>	<b>2,400.12</b>	<b>7,185.02</b>

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

**Note 53 Loan Transfer**

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

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

Particulars	31-Mar-23	31-Mar-22
Aggregate amount of loans transferred (INR in lacs)	-	-
Weighted average maturity (in years)	-	-
Weighted average holding period (in years)	-	-
Retention of beneficial economic interest by the originator*	-	-
Tangible security cover	-	-
Rating wise distribution of rated loans	-	-

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

**Note 54** The Company has been regular in servicing all its borrowings though there has been a breach of one financial covenant on non-convertible debentures as at 31st March 31, 2023. However, before declaration of result of year ended March 31, 2023; the company has already re-purchased the non-convertible debentures from the investor on May 18, 2023, and the ISIN in respect of the said debentures have been extinguished.

**Note 55** There is no restructuring of loans during the year. In previous year, two borrowers were restructured under RBI circular dated May 5, 2021 Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) read with RBI circular dated January 1, 2019 Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances. The details for the same are as under :

As at March 31, 2023		As at March 31, 2022	
No. of accounts restructured	Amount (INR in lakh)	No. of accounts restructured	Amount (INR in lakh)
-	-	2	6,241.28

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

(INR in lakh)

Type of Borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year	(B) Of (A), aggregate debt that slipped into NPA during the half year	(C) Of (A) amount written off during the half year	(D) Of (A) amount paid by the borrowers during the half year	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the half year #
Personal Loans	-	-	-	-	-
Corporate persons	8,342.40	8,342.40	8,342.40	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>8,342.40</b>	<b>8,342.40</b>	<b>8,342.40</b>	<b>-</b>	<b>-</b>

# Increase in balance is on account of interest accrued during the moratorium period.

AVENDUS FINANCE PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

Note 56 Disclosure requirements under Scale Based Regulation for NBFCs as per RBI notification RBI/2022-23/26 DOR. ACC REC. NO.20/21.04.018/2022-23 dated April 19, 2022

A. Exposure

1) Exposure to real estate sector

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<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. Exposure would also include non-fund based (NFB) limits.	-	-
<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.	7,061.60	-
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential,	-	-
b. Commercial Real Estate	-	-
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>7,061.60</b>	<b>-</b>

2) Exposure to Capital Market

(INR in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.01	100.69
(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;	22,138.36	27,581.51
(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;	64,770.83	7,005.26
(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;	1,035.37	8,079.25
(vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
<b>Total Exposure to Capital Market</b>	<b>87,944.57</b>	<b>42,766.71</b>

Note 56 Disclosure requirements under Scale Based Regulation for NBFCs as per RBI notification RBI/2022-23/26 DOR. ACC REC. NO.20/21.04.018/2022-23 dated April 19, 2022

3) Sectoral exposure

(INR in lakh)

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
I. Gross Advances (II + III)	133,011	8,342	6.27%	133,857	5,505	4.11%
II. Food Credit	-	-	-	-	-	-
III. Non-Food Credit ( 1 to 5)	-	-	-	-	-	-
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry (2.1 to 2.4)	29,787	-	-	12,719	-	-
2.1 Micro and Small	-	-	-	-	-	-
2.2 Medium	3,584	-	-	-	-	-
2.3 Large	25,921	-	-	11,040	-	-
2.4 Others, if any, Please specify	282	-	-	1,679	-	-
3. Services (3.1 to 3.10 equals 3.a to 3.d)	85,491	8,342	9.76%	93,557	5,505	5.88%
3.1 Transport Operators	-	-	-	-	-	-
3.2 Computer Software	-	-	-	-	-	-
3.3 Tourism, Hotel and Restaurants	1,089	-	-	2,502	-	-
3.4 Shipping	-	-	-	-	-	-
3.5 Professional Services	26,814	8,342	31.11%	20,708	-	-
3.6 Trade	-	-	-	-	-	-
3.6.1 Wholesale Trade (other than Food Procurement)	9,002	-	-	13,819	-	-
3.6.2 Retail Trade	-	-	-	-	-	-
3.7 Commercial Real Estate	-	-	-	-	-	-
3.8 NBFCs	12,342	-	-	4,984	-	-
3.9 Aviation	-	-	-	-	-	-
3.10 Other Services	36,244	-	-	51,544	5,505	10.68%
3.a Micro and Small	-	-	-	-	-	-
3.b Medium	-	-	-	-	-	-
3.c Large	-	-	-	-	-	-
3.d Others, if any, Please specify	-	-	-	-	-	-
4. Retail Loans (4.1 to 4.8)	17,734	-	-	27,582	-	-
4.1 Housing Loans (incl. priority sector Housing)	-	-	-	-	-	-
4.2 Consumer Durables	-	-	-	-	-	-

4) Intragroup exposure

Particulars	As at March 31, 2023	As at March 31, 2022
	Exposure on Group entities	Exposure by Group entities
(i) Total amount of intra-group exposures	46.70	213.43
(ii) Total amount of top 20 intra-group exposures	46.70	213.43
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.03%	0.15%

5) Unhedge foreign currency exposure

The Company's exposure to foreign currency risk at the end of the reporting period is NIL.

Note 56 Disclosure requirements under Scale Based Regulation for NBFCs as per RBI notification RBI/2022-23/26 DOR. ACC REC.  
NO.20/21.04.018/2022-23 dated April 19, 2022  
B. Related Party Disclosure

(INR in lakh)

Related Party	Parent		Subsidiaries		Associates/Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration Paid	-	-	-	-	-	-	400.00	565.00	-	-	-	-	400.00	565.00
Sitting Fees Paid	-	-	-	-	-	-	28.50	25.50	-	-	-	-	28.50	25.50
Reimbursement of Expenses	699.59	551.33	-	-	-	-	-	-	-	-	-	(0.88)	699.59	550.45
Consultancy Fees- Expenses	-	-	-	-	-	-	-	-	-	-	392.92	405.81	392.92	405.81
Referral fees- Expenses	-	-	-	-	-	-	-	-	-	-	87.78	80.70	87.78	80.70
Advisory Fees	-	-	-	-	-	-	-	-	-	-	56.80	20.94	56.80	20.94
Arrangers Fee	-	-	-	-	-	-	-	-	-	-	-	459.80	-	459.80
Payables														
Expenses payable	63.46	-	-	-	-	-	-	313.20	-	-	149.97	239.21	213.43	552.41
Fees receivable	-	70.95	-	-	-	-	-	-	-	-	46.70	22.27	46.70	93.22

**C) Disclosure of complaints**

1) Summary information on complaints received from customers and from the Offices of Ombudsman

Sr. No.	Particulars	Mar-23	Mar-22
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	-	-
3	Number of complaints disposed during the year	-	-
	3.1 Of which, number of complaints rejected	-	-
4	Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

2) Top five grounds of complaints received from customers

As the Company has not received any complaints during the year therefore this will not be applicable.

**D) Breach of covenant**

The Company has been regular in servicing all its borrowings though there has been a breach of one financial covenant on non-convertible debentures as at 31st March 31, 2023. However, before declaration of result of year ended 31st March 31, 2023; the company has already re-purchased the non-convertible debentures from the investor on May 18, 2023, and the ISIN in respect of the said debentures have been extinguished.

**AVENDUS FINANCE PRIVATE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023**

- Note 57** Employee Benefits expenses amounting to Rs. 415.64 lakhs (Previous Year Rs. 392.94 lakhs) included in Note 28 and Other Expenses amounting to Rs. 283.95 lakhs (Previous Year Rs. 275.77 lakhs) included in Note 29 is reimbursement made to Group Companies towards the value of costs apportioned in accordance with the Master Cost sharing agreement.
- Note 58** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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

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

**Nitin Singh**  
**Director**  
**(DIN : 06904459)**  
**Place : Mumbai**

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

**Radhika Parmanandka**  
**Company Secretary**  
  
**Place : Mumbai**

**Date : May 22, 2023**