# AVENDUS FINANCE PRIVATE LIMITED

# ANNUAL REPORT 2018-19

## BOARD OF DIRECTORS

Sandeep Thapliyal, Managing Director & CEO
Suresh Menon, Independent Director
Nikhilesh Panchal, Independent Director(upto March 30, 2019)
Pijush Sinha, Director
Ranu Vohra, Director
Kaushal Kumar Aggarwal, Director
George Mitra, Whole-time Director

**23RD ANNUAL GENERAL MEETING**

| | | |
|---|---|---|
| Day | : | Friday |
| Date | : | September 27, 2019 |
| Time | : | 11:00 a.m. |
| Venue | : | The IL&FS Financial Centre, 6th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 |

## COMPANY SECRETARY

Parimal Deuskar (upto July 12, 2019)
Radhika Parmanandka (w.e.f July 12, 2019)

## STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP

## REGISTRAR & SHARE TRANSFER AGENT

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

## DEBENTURE TRUSTEE

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

## REGISTERED OFFICE

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

# AVENDUS FINANCE PRIVATE LIMITED
## DIRECTORS' REPORT

Dear Members,

Your Company's Directors hereby present the twenty-third Annual Report of the Company together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019.

## FINANCIAL PERFORMANCE & STATE OF AFFAIRS OF THE COMPANY

The summary of the Company's financial performance for the Financial Year 2018-19 as compared to the previous FY 2017-18 is given below:

**(Amt in lakhs)**

| **Particulars** | **As on March 31, 2019** | **As on March 31, 2018** |
|---|---|---|
| Total Income | 15,137.41 | 5,761.57 |
| Profit/ (Loss) before Interest, Tax and Depreciation | 11,234.67 | 3,441.19 |
| Finance Cost | 3,346.44 | 106.73 |
| Profit/ (Loss) before Depreciation and Tax | 7,888.23 | 3,334.46 |
| Depreciation | 8.82 | 4.62 |
| Profit/ (Loss) before Tax | 7,879.41 | 3,329.84 |
| Tax Expense (including deferred tax ) | 2,342.30 | 929.21 |
| Profit for the year from continuing operations | 5,537.11 | 2,400.63 |
| Other Comprehensive Income | (1.40) | (0.79) |
| Total Comprehensive Income | 5,535.71 | 2,399.84 |
| Balance brought forward from previous year | 2,110.51 | 166.24 |
| Less: Transfer to Special Reserve u/s 45- IC of the RBI Act, 1934 | (1,107.42) | (455.57) |
| **Balance carried to Balance Sheet** | 6,539.59 | 2,110.51 |

### Revenue

Your Company reported a total income of INR 15,137.41 lakhs in the Financial Year 2018-19 ("year under review"), versus INR 5,761.57 lakhs in the Financial Year 2017-18 ("previous year").

### Operating Profit/ (Loss)

Profit before Interest, Tax and Depreciation was at INR 11,234.67 lakhs versus a profit of INR 3,441.19lakhs in the previous year.

### Capital Adequacy Ratio

The Capital to Risk Assets Ratio (CRAR) of your Company as on March 31, 2019 stood at 58.23% (Tier I Capital Ratio @ 57.96% and Tier II Capital Ratio @ 0.26%), 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, 2019 stood at -INR 63504.50 lakhs versus INR 57,568.38 lakhs as on March 31, 2018.

### First-time adoption of Ind AS

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013, read with Section 133 of the Companies Act, 2013 ('Act'), the Company has adopted the Indian Accounting Standards (Ind AS) for preparation of its financial statements with effect from April 1, 2018, with comparative financials for the earlier period beginning April 1, 2017.

For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS opening balance sheet is April 1, 2018.

The company has made available a note explaining the areas of difference between Indian GAAP and Ind AS and explained the reconciliation between the two GAAPs, in the notes forming part of accounts.

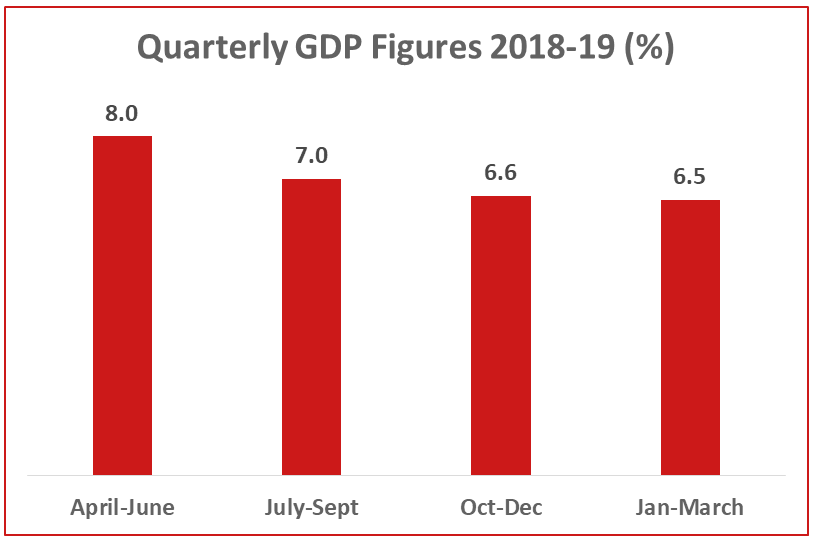
## Management discussion and Analysis Report

### Macroeconomic Overview

In fiscal year 2019, India has been the fastest growing major economy in the world for second year in a row. Started with a robust growth of 8% in Q1 19 on the back of domestic resilience, India's growth eased in subsequent quarters due to rising global volatility, externalities from trade disputes, and investment rerouting to developed economies. Further, the Indian rupee suffered because of the crude price shock, and conditions exacerbated as recovery in some advanced economies caused faster investment outflows. Despite this the economy is projected to grow at 7% owing to the sustained rise in consumption and a gradual revival in investments.

| Economic Indicator | FY 16 | FY 17 | FY 18 | FY 19 (E) |
|---|---|---|---|---|
| Real Economic GDP Growth | 7.9% | 7.1% | 6.7% | 7.0% |
| Real Economic GVA Growth | 7.8% | 6.7% | 6.9% | 6.8% |

**Source:** Government of India, Central Statistics Office (CSO). (E) denotes estimate.




Overall the macro-fundamentals of the country remain strong and the business cycle conditions have improved. Eleven out of twenty-three industry-groups (as per 2-digit NIC) exhibited positive growth during January 2019 over January 2018.

The Index of Industrial Production (IIP) with base 2011-12 for the April - January period for 2018-19 registered a 4.4% increase over the corresponding period for the previous year. Growth in exports, IIP and other core sectors in second half of FY 19 shows good growth potential in the new financial year. Further, growth in retail businesses and sectors like trade, transport, and communication which moderated during the year are expected to pick up due to improved domestic demand conditions.

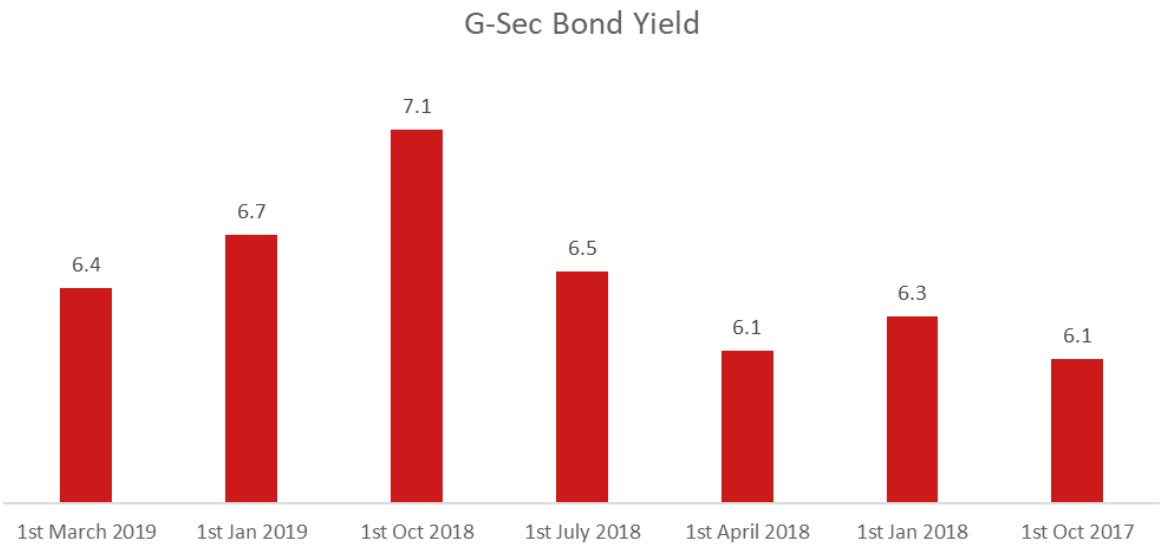
Government's strong focus on Small & Medium Enterprise (SMEs), Mid-Market Enterprise (MMEs), infrastructure sector & rural economy post a theme of development in FY 20.

**Source:** Confederation of Indian Industries

## Industry Structure and Overview

### Credit Markets

Advances in Indian banking sector, which had grown by 10% in FY18, grew by 12% in FY19. Deposit growth however showed a sharp expansion from 7% in FY 18 to 10% in FY 19 leading to decrease in cost of borrowings from banks for corporates.




**Source:** Reserve Bank of India website

The banks witnessed a decline in the proportion of loans that have gone bad with GNPA decreasing from 12.3% in FY 18 to 10.3% in FY 19. There has been decline in slippages and the banking sector now seems to be on the path of recovery. On the back of lower NPAs and growth in deposits, growth in credit to industry and services is likely to pick up in FY 20.

## NBFC Industry

While commercial banks continue to remain dominant source of credit in India, NBFCs have been gaining market share in recent years. As compared to banks which are broad based and universal in nature, NBFCs have carved a niche in select segments by being agile to changing customer needs. They have also managed to preserve their portfolio quality owing to superior understanding of their chosen client segments and adoption of appropriate risk management framework.

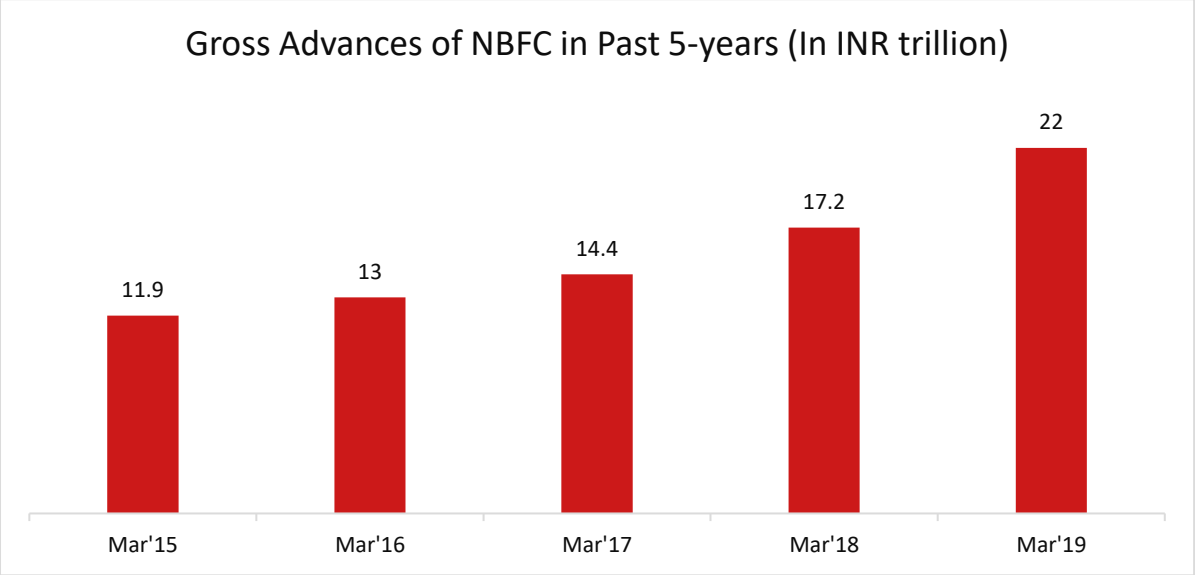
NBFCs have been going through a rough phase following defaults by once a bluechip lender Infrastructure Leasing and Financial Services (IL&FS) and subsequent liquidity crunch in the market. Funding costs have gone up leading to a sharp decline in their margins. The turmoil in the credit market led to a slower growth in loan book at 15% vis-à-vis 19% growth witnessed in FY 18.

**H1 FY 19:** The loan book composition saw an increasing share of retail loans coupled with falling share of loans to industry. Entry of new players have increased the competition in the market significantly leading to a distorted risk reward equation. Bank borrowings grew to 26% from 24% in March 18 whereas debentures reduced from 46% to 42% during the same period. Scheduled Commercial Banks continued to be the top lenders with their share in the total book being 47.2%.

**Source:** Reserve Bank of India website

**H2 FY 19:** Q3 was the toughest quarter that NBFCs witnessed due to liquidity crunch and subsequent rise in cost of funds. Major players reduced their short term borrowings like CPs and focused on building a strong ALM position. Mutual Fund exposure to NBFCs saw a sharp decline of 8.8% in Sep'18

and continue to be cautious in lending to NBFCs. Banks saw increased credit growth in the aftermath of high yields (almost 100-150 bps increase YoY) in bond market & liquidity crunch faced by NBFCs.




**Source:** Reserve Bank of India website

In the past few years, NBFCs have started playing a critical role in the development of infrastructure, employment generation, wealth creation, and financial support for the economy. Going forward the latent credit demand of an emerging India will allow NBFCs to fill the gaps, where traditional banks have been wary to serve. Improving macroeconomic conditions, higher credit penetration, increased consumption, and disruptive digital trends will allow NBFCs to grow at a healthy rate in the coming years.

## Avendus Finance Overview

Avendus Finance Pvt. Ltd. (AFPL) is incorporated as a wholly owned subsidiary of Avendus Capital Pvt. Ltd. It is a systematically important Non-deposit taking Non-Banking financial company (NBFC-ND-SI) registered with the Reserve bank of India (RBI). The business was set up in FY 17 and within two year of being established it has been able to grow its asset under management (AUM) of INR 8,989 Million.

Significant effort was spent on laying the right foundation in the first two years of operations, such as bringing the senior management team on-board, which has started bearing fruits. The right foundation makes the organization poised for significant growth in this year as well. The quality of the portfolio continues to be robust with "Zero NPA". For monitoring & review of portfolio we set up an independent portfolio monitoring unit which independently assesses the quality of portfolio by assessing macro trends in economy & doing regular interactions with clients.

AFPL's business revolves around financing high quality Mid-Market Enterprises (MMEs), operating in its chosen segments, and run by credible and proven entrepreneurs. MMEs directly or indirectly contribute more than 42% of India's GDP and are a major growth driver of the Indian economy. In fact, the RBI analysis of government databases has shown that the Gross Value Added by MMEs has

shown a staggering growth of 17% in 2018-19, as opposed to a growth of 10-12% recorded by larger companies. Therefore, it can be said that MMEs form the backbone of our entire economic system.

AFPL leverages on its team led by a senior banker – Mr. Sandeep Thapliyal who has over 23 years of multi-functional experience in commercial banking, investment banking, corporate banking, project finance and asset reconstruction. In his vast career he has been instrumental in guiding various businesses across various organizations on high-growth trajectory.

Prior to joining Avendus, Sandeep was part of the new management team that came together to transform RBL Bank (erstwhile Ratnakar Bank) into a new age Private Sector Bank. He spent close to four years as head of its Commercial banking business and helped grow that business over six times in that period. Along with high growth, he also led complete transformation of the business, in terms of quality of clients, types of products/solutions offered, and quality of team put together. In addition to the Commercial banking business he also had the added responsibility of building a niche Corporate finance business which offered high quality advise to its clients looking to raise growth capital. He left RBL Bank few months after it got listed in the stock exchanges, receiving outstanding response from the investors.

Prior to RBL Bank, Sandeep spent over 10 years in Citibank building its Commercial Banking business from scratch. He was one of the founding members of the team and first successfully led that business in North India and subsequently led and grew its Mid-Market and SME franchise pan India. Citibank, Commercial banking India business, is widely regarded in the industry, as best in class across metrices of growth, profitability and credit quality.

In between RBL Bank and Citibank he spent two years in Religare Capital Markets as MD, Investment Banking.

He started his career with IFCI Ltd. where he spent four years doing Project Finance for companies across industry segments such as Dairy, Fertilizer and textiles etc. Later he also dug his teeth in asset reconstruction business in the same firm.

Post IFCI Ltd. he spent little over one year in Sumitomo Mitsui Banking Corporation building its Corporate Banking business in NCR region.

AFPL is involved in following two business verticals:

1) **Structured Finance Vertical**

   Under the structured finance vertical, we offer products to high quality entrepreneurs and businesses to meet their specific requirements. Products are largely tailored around untapped cashflows and security, and exhibit characteristics of both debt and equity.

   Our experienced and dedicated structured finance professionals pride themselves in their ability to spot companies at an inflection point and provide optimal financing solutions for diverse

requirements such as sponsor financing, recapitalization, growth financing, asset financing, acquisition financing and bridge financing.

The investment team has a collective experience of close to five decades. The team uses superior understanding of client's businesses to offer bespoke financing solutions. It also leverages on Avendus group's advisory / corporate finance expertise to understand investment thesis of the client's business and which helps in further fine tuning the credit structure. With our strong lineage, extensive and growing network of co-investors and professionals, we are rapidly gaining ability to source and syndicate larger transactions.

We believe in continuous engagement with clients and provide relevant solutions at all stages of an organization's lifecycle. The solutions we deliver mainly comprise of:

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

**2) SME lending vertical**

The SME financing business which was launched last year has shaped up well. We have built an integrated & robust infrastructure for this business to cover the entire life cycle of the credit facility from on-boarding, documentation, limit approvals, disbursement, monitoring, etc. The Loan Management System and User Interface has gone live and the Loan Origination System is in advanced stage of deployment. Third party services providers (Record Management, Virtual Accounts, Documentation, Credit Bureau Checks, etc) are fully integrated through various APIs to make the overall process seamless and business as a whole light on operating costs. Under the SME business we extend credit facilities to MSME (Micro, Small and Medium Enterprises) vendors and dealer / distributors linked to high-quality anchors/sponsors. Our technology and cashflow-based lending solution leverages on trade flows, enabling finance to be delivered in a timely manner with flexible terms.

The smaller set of dealers / vendors do not have access to formal credit channels and largely depend on unorganised sources to raise working capital for their businesses. Our model enables financial inclusion to the under-served MSMEs who are part of the sponsor's ecosystem. The proposition augments financing of Sponsor's value-chain which in turn facilitate business growth and enhance channel loyalty for the Sponsor.

The key offerings under the SME desk include:

- Dealer Financing of Mid-Tier Corporates
- Vendor Financing of Mid-Tier Corporates
- Sales/Purchase Invoice Financing

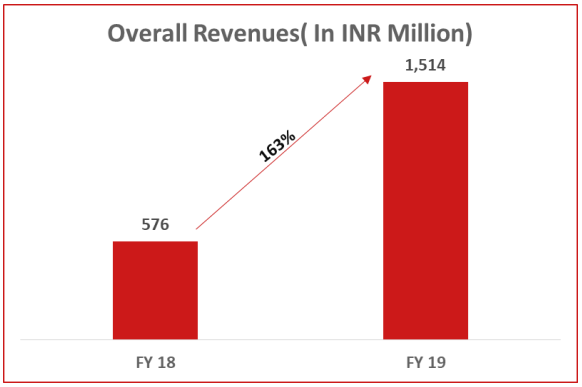
While the technology & overall architecture was being developed, we also managed to on-board clients from various sectors such as IT, Agrochemicals, Pharma, Logistics, Branded Apparels, etc. This business is expected to grow significantly in the years to come and become a dominant contributor to AFPL's asset book. We have senior management personnel covering Sales, Risk, Product & also deployed Business Development, Relationship Management teams in 3 cities i.e Mumbai, Delhi & Bangalore.

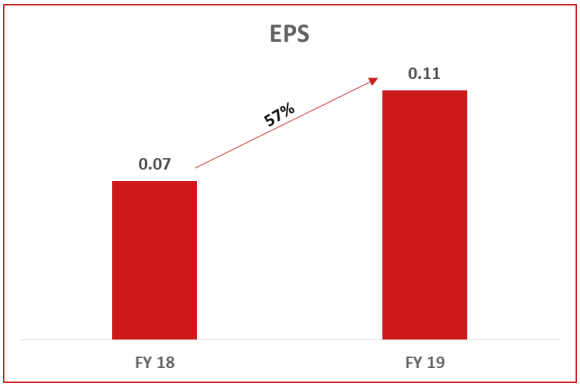
## Financial Highlights for FY19

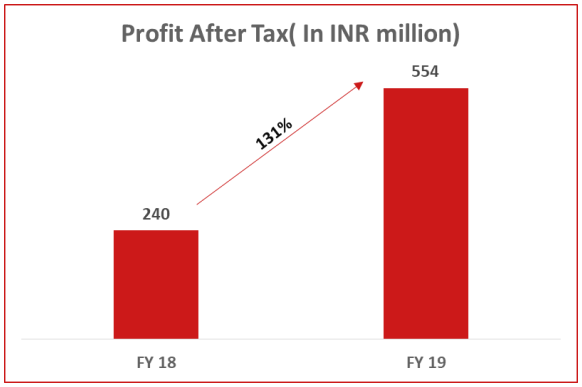
Our loan book grew to INR 8,989 mm in Mar-19 from INR 6,110 mm in Mar-18, while our PBT grew to INR 788 mn in FY 19 from INR 333 mn in FY 18. The asset book is well distributed across sectors with key concentration in sectors like Healthcare, Food & Beverages, Digital, Media & Technology and Auto ancillary.

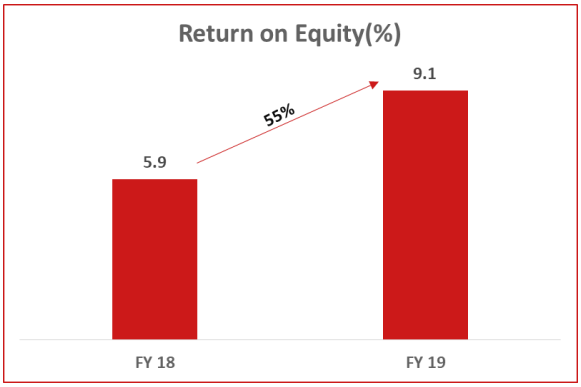
The company's Capital adequacy ratio is well above the minimum requirement of 15 percent from the RBI.

A summary of our FY 19 financial highlights is as under:

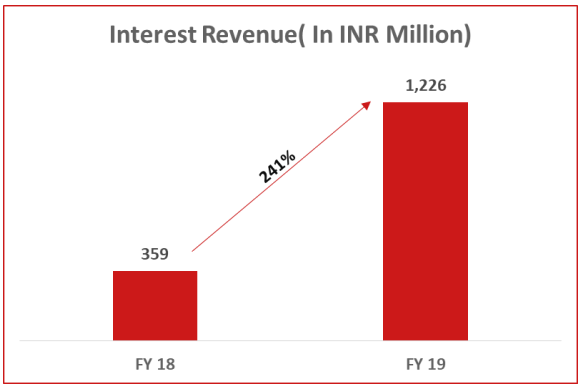


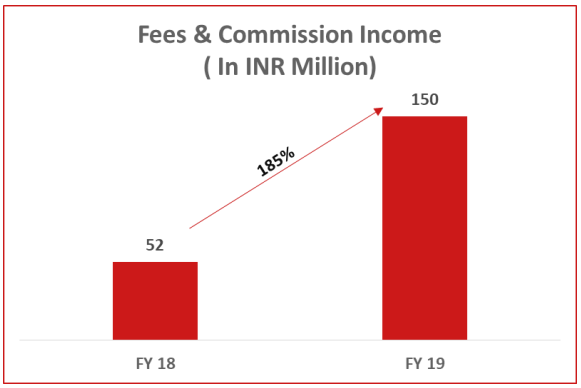



## Income



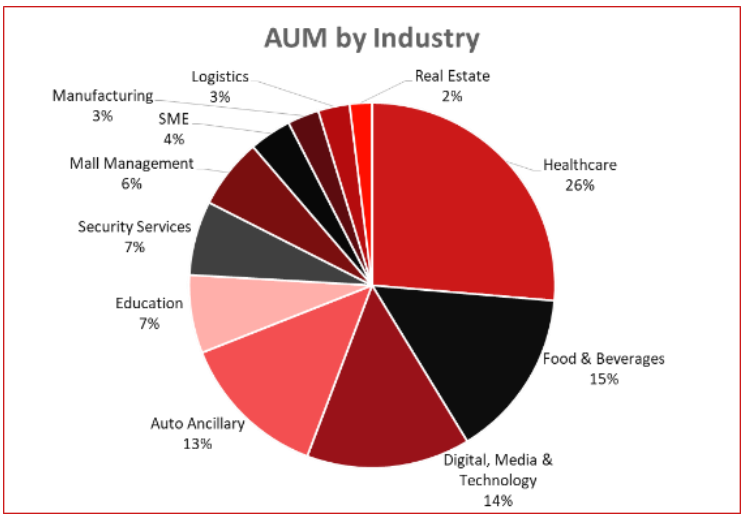




### Management:

Composition of the credit book as on March 31, 2019 is as under: (INR Cr)

| Sector | Book Size (INR cr) | Percentage of Portfolio |
|---|---|---|
| Healthcare | 241.34 | 26.85 |
| QSR | 92.10 | 10.25 |
| Digital, Media & Technology | 127.48 | 14.18 |
| Auto Ancillary | 124.17 | 13.81 |
| Education | 61.19 | 6.81 |
| Security Services | 57.51 | 6.40 |
| Mall Management | 55.21 | 6.14 |
| Manufacturing | 64.23 | 7.15 |
| Logistics | 24.60 | 2.74 |
| Real Estate | 17.63 | 1.96 |
| **Total Structured Credit Book** | **865.46** | **96.29** |
| **Total SME Credit Book** | **33.38** | **3.71** |
| **Total Credit Book** | **898.84** | **100** |

Total Credit book has grown to **INR 898.84** crores in FY 19 from **INR 611** crores in FY 18.



## SWOT analysis

**Strengths**

- Superior understanding of mid-market businesses and relationships with high quality entrepreneurs
- Speed to market with appropriate risk mitigation strategy
- Comfortable Capital Adequacy ratio & leverage on the balance sheet
- Long term rating of 'A+' & short-term rating of 'A1+' from CRISIL
- Leverage of Avendus group's advisory / corporate finance expertise of group

**Weaknesses**

- Higher cost of borrowing as compared to commercial banks
- Insufficient portfolio seasoning
- Limited credit appetite for NBFCs among state owned banks

**Threats**

- Intense competition in the Structured Credit Business
- Interest rate volatility risk

**Opportunities**

- Inherent structural weakness in banking sector resulting in new opportunity to NBFCs
- Supply chain finance to mid-market anchors

## Credit Ratings

The Company rating got reinstated in Jan 2019 with a short-term rating of 'A1+/stable' and long-term rating of 'A+/stable' from CRISIL. The rating got reinstated for an amount of INR 11,500 million (INR 5,000 million for Bank long term loan facility, INR 5,500 million for Non-Convertible Debenture "NCD" and INR 1,000 million for CPs).

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

## Balance Sheet Management

AFPL recognizes the importance of Balance Sheet management and focuses in creating a strong and liquid balance sheet through robust underwriting processes and efficient treasury management practices. The resulting strong balance sheet enables us easier access to market borrowings at competitive rates on the back of a strong credit rating. Adequate liquidity lines form a part of the

balance sheet management strategy, which enables AFPL to deploy capital efficiently towards business opportunities that appear at short notice. It also prepares the company for addressing any systemic liquidity scenarios without having to lose out on business opportunities. On the accord of our strong asset book and robust balance sheet management, the long-term borrowing program of the company was assigned a long-term credit rating of CRISIL 'A+'/ Stable for the second consecutive year of its operation.

## Sources of Funds

The company has diversified funding sources. Funds are raised by way of term loans and secured redeemable non-convertible debentures (NCDs).

In FY 19 we continued our relationship with some of the best banks in the market. We have also received cumulative sanctions worth INR 5,950 million across banks, NBFCs & mutual funds till March 2019.

As of 31st March 2019, the company's debt to equity ratio is 0.65. The company's Capital adequacy ratio is well above the minimum requirement of 15 percent from the RBI.

| Ratio | 31/03/2019 | 31/03/2018 |
|---|---|---|
| **CRAR (%)** | 58.23% | 84.95% |
| **CRAR - Tier I Capital (%)** | 57.96% | 84.92% |
| **CRAR - Tier II Capital (%)** | 0.26% | 0.3% |

## Internal Control Systems & Adequacy

The Company 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. The Company carries out extensive internal audit, policy reviews, guidelines and procedures to ensure that the internal control systems are adequate to protect the Company against any loss or misuse of the Company's assets.

## Portfolio Review

The quality of the portfolio remains good with "Zero NPA". For further monitoring & review of portfolio we have set up an independent portfolio monitoring unit which independently assesses the quality of portfolio by assessing macro trends in economy & doing regular interactions with clients. The portfolio monitoring unit provides a quarterly review to the management of AFPL on the business & financial performance, key risks, macro-challenges & other important aspects on each portfolio company.

## Key Risks

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

## Credit Risk

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

## Market Risk

AFPL market risk management is governed by monitoring risk in various metrices, such as asset liability mismatch, interest rate risk, etc. This analysis is performed through internal risk models and reviewed by relevant committee for appropriate actions.

## Operational Risk

AFPL has put an operational framework to identify, assess and monitor risks, strengthen controls and to minimize operational losses. We constantly review all critical processes to proactively identify weak controls and strengthen the same.

## Liquidity Risk

AFPL adopts a cautious liquidity strategy and maintains adequate liquidity to meet any unforeseen requirement. In addition, we appropriately manage Asset Liability Mismatch (ALM) and remain compliant with the regulatory guidelines.

We believe that risk management is a key to growth and would remain our focus area.

# Human Resources

AFPL sets the bar in financial services by creating significant value for its clients. Towards this end, we hire the best in class professionals and provide them enriching work opportunities. We demonstrate respect and empathy towards them.

Throughout FY19, we continued to deepen our philosophy through a series of well-designed measures. Amongst our strengths, we must count our performance appraisal system, which has helped to instil fairness and development orientation in the organization. The process of Performance Appraisal is based on evaluations against pre-set and clearly documented goals also known as KRAs and which helps provide focus and direction to the team and hence achieve favourable outcomes at an organizational level.

Some of the highlights of FY19 are summarized below:

- We ended FY19 with a total headcount of 25 under the payroll of Avendus Finance.

• We have added people at all levels, including senior professionals in line with our growing aspirations. We managed to attract talent from some highly credible organizations in the financial services industry.

### Customer Centricity

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

### Cautionary Statement

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

### Change in the nature of business

During the year under review, there was no change in the nature of business of the Company. However, the Company was registered as a Small and Medium Enterprise.

### Transfer to Reserves

The Company has transferred 20% of its net profit after tax to the reserve fund account as required under section 45- IC of the Reserve Bank of India Act, 1934.

### Dividend

In order to conserve resources for future requirements, the Board has decided not to recommend any dividend for the financial year 2018 -19.

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

| Sr. No. | Name and address of the Company | CIN / GLN | Holding / subsidiary / associate | % of shares held | Applicable section |
|---|---|---|---|---|---|
| 1 | Avendus Capital Private Limited The IL&FS Financial Centre, 6th Floor, C & D Quadrant, Bandra-Kurla Complex, Bandra (E) Mumbai – 400051 | U99999MH1999PTC123358 | Holding Company | 100* | 2(46) |
| 2 | Redpoint Investments Pte. Ltd 10 Changi Business Park, Central 2, #5-01, Hansapoint@ CBP, Singapore 486030 | - | Ultimate Holding Company | NA | 2(46) |

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

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

There are no such material changes and commitments which have occurred between the financial year ended March 31, 2019 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 Rs. 52,500,00,000. The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2019 was Rs. 49,756,33,325 consisting of 49,756,33,325 Equity Shares of Rs. 1 each. During the year under review, the Company has not issued any shares.

**Issue of Non-Convertible Debentures by the Company.**

During the year under review, the Company issued and allotted 1,000 non-convertible debentures of face value of Rs. 10,00,000 (Indian Rupees Ten Lakh) aggregating to Rupees One Hundred Crore.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Sections 134(3)(c) and 134(5) of the Act, the Directors, to the best of their knowledge and ability, 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) they 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 and loss of the company for that period;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and

g) there have not been any frauds reported by the Auditors of the Company under Section 143(12) of the Act.

## OTHER DISCLOSURES UNDER THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER ("ACT") AND OTHER APPLICABLE LAWS, REGULATIONS ETC.

### Annual Return

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

### Details of Directors and Key Managerial Personnel who were appointed or have ceased/resigned during the year

**A. Directors**

During the year under review, Mr. Nikhilesh Panchal (DIN: 00041080) ceased to be a Director consequent to completion of his tenure as an Independent Director effective March 30, 2019. The Board, places on record its appreciation for the valuable contribution and services rendered by Mr. Panchal during his tenure as an Independent Director.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors and the members of the Company approved the appointment of Mr. George Mitra (DIN: 06868861) as a Whole-time Director of the Company w.e.f. November 15,2018 , for a term of 5 years as per the terms of the provisions of Section 196 of the Act .

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company on March 13, 2019 approved the re-appointment of Mr. Suresh Menon (DIN : 00737329) as Additional Director (Independent) on the Board of the Company, subject to the approval of shareholders, not liable to retire by rotation, to hold office for a second term of 2 (two) consecutive years, commencing from April 14, 2019 to April 13,2021.

Approval of the members for re-appointing Mr. Suresh Menon as an Independent Directors of the Company is being sought at the ensuing Annual General Meeting.

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

**B. Key Managerial Personnel ("KMP")**

During the year under review, Mr. Parimal Deuskar was appointed as a Company Secretary with effect from March 2, 2019 in place of Mr. Sunil Dhoot who resigned as a Company Secretary on March 1, 2019.

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

During the year under review, the Board of your Company met five times, on the following dates:

| Sr. No. | Date of Meeting | Place |
|---|---|---|
| 1 | May 4, 2018 | Mumbai |
| 2 | August 31, 2018 | Mumbai |
| 3 | September 18, 2018 | Mumbai |
| 4 | November 15, 2018 | Mumbai |
| 5 | March 13, 2019 | Mumbai |

The intervening gap between the two meetings was within the limits as prescribed under the applicable provisions of the Companies Act 2013 (Act).

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

| Name of the Director | Category | Number of Board Meeting | | AGM last attended |
|---|---|---|---|---|
| | | Held | Attended | |
| Mr. Ranu Vohra (DIN: 00153547) | Director | 5 | 4 | Yes |
| Mr. Kaushal Kumar Aggarwal (DIN: 00153487) | Director | 5 | 3 | Yes |
| Mr. Sandeep Thapliyal (DIN: 07645620) | Managing Director & CEO | 5 | 5 | Yes |
| Mr. Nikhilesh Panchal # (DIN: 00041080) | Independent Director | 5 | 5 | No |
| Mr. Pijush Sinha (DIN: 02048277) | Director | 5 | 4 | No |
| Mr. Suresh Menon (DIN: 00737329) | Independent Director | 5 | 5 | No |
| Mr. George Mitra* (DIN: 06868861) | Whole-time director | 2 | 2 | No |

# Mr. Nikhilesh Panchal tenure as an Independent Director concluded on March 30, 2019

***Appointed with effect from November 15, 2018***

## Board Committees

In terms of the applicable circular(s), notification(s) and direction(s) issued by the Reserve Bank of India ("the RBI Regulations"), the applicable provisions of the Companies Act, 2013 and the Company's internal corporate governance requirements, the Board of Directors have constituted the following committees in the Board Meeting dated May 16, 2017 for the effective business operations and governance of the Company:

### Audit Committee

Composition, Meetings and Attendance

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. Nikhilesh Panchal # | Independent Director | Member | 3 | 3 |
| Mr. Suresh Menon | Independent Director | Member | 3 | 3 |
| Mr. Pijush Sinha | Non- Executive Director | Member | 3 | 2 |

# Mr. Nikhilesh Panchal tenure as an Independent Director concluded on March 30, 2019

During the year under review, the Committee met on May 4, 2018, August 31, 2018 and March 13, 2019 and the Chairman of the Committee was decided at the meeting. The Board of Directors have accepted and implemented the recommendations of Audit Committee, whenever provided by it.

### Whistle Blower Policy / Vigil Mechanism

In terms of Section 177(9) and (10) of the Companies Act, 2013, your Company has adopted the Whistle Blower Policy/Vigil Mechanism in the Board Meeting dated May 04, 2018 the same is placed on website of the Company.

### Nomination and Remuneration Committee

Composition, Meetings and Attendance

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

| Members | Category | Status | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Mr. Kaushal Aggarwal | Non- Executive Director | Member | 2 | 2 |

| Members | Category | Status | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Mr. Sandeep Thapliyal | Managing Director & CEO | Member | 2 | 2 |
| Mr. Pijush Sinha | Non- Executive Director | Member | 2 | 2 |

During the year under review, the Committee met on April 20, 2018 and November 15, 2018.

**Risk Management Committee**

Composition, Meetings and Attendance

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. Nikhilesh Panchal # | Independent Director | Member | 1 | 1 |
| Mr. Suresh Menon | Independent Director | Member | 1 | 1 |
| Mr. Sandeep Thapliyal | Managing Director & CEO | Member | 1 | 1 |

# Mr. Nikhilesh Panchal tenure as an Independent Director concluded on March 30, 2019

During the year under review, the Committee met 1 (One) time on August 31, 2018.

**Credit Committee**

Composition, Meetings and Attendance

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

| Members | Category | Status | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Mr. Sandeep Thapliyal | Managing Director & CEO | Member | 22 | 21 |
| Mr. Suresh Menon | Independent Director | Member | 22 | 20 |
| Mr. Sameer Kamath | - | Member | 22 | 20 |
| Mr. Kaushal Aggarwal | Non- Executive Director | Member | 22 | 16 |

During the year under review, the Committee met 22 (Twenty-Two) times on April 17, 2018, April 26, 2018, May 31, 2018, June 28, 2018, July 6, 2018, July 11, 2018, July 20, 2018, July 23, 2018, July 28, 2018, August 13, 2018, August 31, 2018, September 12, 2018, September 19, 2018, September 26,

2018, October 10, 2018 , November 13, 2018, January 2, 2019, January 14, 2019, January 16, 2019, February 15, 2019, February 20, 2019, March 8, 2019.

**Grievance Redressal Committee**

Composition, Meetings and Attendance

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. Nikhilesh Panchal # | Independent Director | Member | 1 | 1 |
| Mr. Suresh Menon | Independent Director | Member | 1 | 1 |
| Mr. Pijush Sinha | Non- Executive Director | Member | 1 | 0 |

# Mr. Nikhilesh Panchal tenure as an Independent Director concluded on March 30, 2019

During the year under review, the Committee met 1 (One) time on March 13, 2019.

**Asset Liability Management Committee**

Composition, Meetings and Attendance

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

| Members | Category | Status | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Mr. Sandeep Thapliyal | Managing Director & CEO | Member | 1 | 1 |
| Mr. Suresh Menon | Independent Director | Member | 1 | 1 |
| Mr. Kaushal Aggarwal | Non- Executive Director | Member | 1 | 1 |

During the year under review, the Committee met 1 (One) time on August 31, 2018.

**Corporate Social Responsibility Committee***

Composition, Meetings and Attendance

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

| Members | Category | Status | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Mr. Sandeep Thapliyal | Managing Director & CEO | Member | 1 | 1 |
| Mr. Kaushal Aggarwal | Non- Executive Director | Member | 1 | 1 |
| Mr. Nikhilesh Panchal # | Independent Director | Member | 1 | 1 |

# Mr. Nikhilesh Panchal tenure as an Independent Director concluded on March 30, 2019
*The Committee was constituted on November 15, 2018

During the year under review, the Committee met 1 (One) time on November 15, 2018.

**IT Strategy Committee**

Composition, Meetings and Attendance

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

| Members | Category | Status | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Mr. Sandeep Thapliyal | Managing Director & CEO | Member | 1 | 1 |
| Mr. Suresh Menon | Independent Director | Member | 1 | 1 |
| Mr. Gopkumar Menon | - | Member | 1 | 1 |
| Mr. Parimal Deuskar | - | Member | 1 | 0 |

During the year under review, the Committee met 1 (One) time on January 14, 2019

**Statement on declaration given by Independent Directors under Sub-Section (6) of Section 149 of the Act**

As on March 31, 2019, Company's Board of Directors comprises of 1 Independent Director viz. Mr. Suresh Menon, and he has given the declaration that he meet the criteria of Independence as provided in Section 149(6) of the Act.

**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 are not applicable to the Company

The Company has not accepted any deposits from its Directors or their relatives.

Statutory Audit

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (erstwhile M/s. Deloitte Haskins & Sells), Statutory Auditors [ICAI Registration Number 117366W/W- 100018], were appointed as Statutory Auditors of the Company for a period of five years upto conclusion of Twenty third annual General Meeting of the Company.

They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Board has recommended the reappointment of DHS as Statutory Auditors for a period of three years i.e. upto conclusion of Twenty Six Annual General Meeting of the Company.

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

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

Corporate social responsibility

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ('CSR') Committee. The composition and terms of reference of the CSR Committee are provided in the Report on Corporate Governance.

The Company has also formulated a CSR Policy which is available on the website of the Company at www.avendus.com.

The projects undertaken during the year are in accordance with Schedule VII of the Act and the CSR Policy of the Company. Further, details on the prescribed CSR spend under Section 135 of the Act and the amount committed and spent during the year under review is provided in the Annual Report on CSR activities annexed to this report and marked as Annexure II.

**Particulars of loans and investments under Section 186**

The Company, being a Non-Banking Financial Company, is not covered under the provisions of Section 186 of the Companies Act, 2013

Section 186(11)(a) read with rule 11 of the Companies (Meeting of Board and its powers) Rules, 2014 exempts the Company from complying with this section.

**Particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in the prescribed form**

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.

Particulars of material significant* related party transactions, contracts or arrangements with related parties referred to in Section 188(1) are provided in Form AOC-2, and the same is appended as **Annexure I** to this report.

**Any contract/ arrangement with a related party as defined under Section 188(1) of the Act, which is on arms 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*

**Policies**

During the year in terms of the RBI Regulations and provisions of the Companies Act, 2013, the Company has adopted two more policies. The policies are laid down keeping in view the organisation objectives, business strategy and complexity arising out of the products / services and other activities carried out in pursuit of these objectives and implementation of these strategies.

**Credit Policy**

The Credit Policy will assist the employees of the Company to follow the process as mentioned in the Policy.

The policy is divided into several processes that needs to be followed at various stages from the introduction of prospective borrower till the disbursement and post monitoring of loans. The Policy has come into effect from April 01, 2018.

The policy covers following:

- Adherence to the policies approved by the Board and Credit Committee for lending decisions
- Deal Tracker Report/Pipeline Cases to be maintained and updated in Customer relationship management (CRM)
- Details to be mentioned in Green Light Memo and Credit Memo
- Security Coverage required for different classes of assets and shares
- Approval and Facility Documentation and KYC process
- Deviation memo
- Pre- disbursal checklist
- Delegation matrix to delegated credit and commercial decisions
- Disbursal approval checklist
- Process for takeover of loan
- Monthly review meetings
- Post Disbursal and Ongoing Monitoring Process that needs to be followed
- Necessary annexures etc.

**Policy on Early Recognition of Stress and Reporting to Central Repository of Information on Large Credits (CRILC Policy)**

The Reserve Bank of India ("RBI") has issued the Master Direction– Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 which requires every NBFC to formulate a policy in respect of Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders.

Accordingly, the Company has formulated the policy on the same. The Policy has come into effect from April 01, 2018.

**Details w.r.t. development and implementation of Risk Management Policy**

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the businesses and functions, if any, are systematically addressed through mitigating actions on a continuing basis.

The Risk Management Committee of the Board of Directors of the Company has not identified any 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

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

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

During the financial year 2018-19, the Company had not received any complaint of sexual harassment at the workplace.

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

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

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

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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

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

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

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

**Secretarial Standards**

During the financial year 2018-19, the Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

**ACKNOWLEDGEMENTS/ APPRECIATIONS**

We place on record our sincere appreciation for the continued support which your Company has received from its customers, suppliers, investors, promoters, bankers and group companies.

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

| | |
|---|---|
| **Sd/-** | **Sd/-** |
| **Sandeep Thapliyal** | **Kaushal Aggarwal** |
| **Managing Director & CEO** | **Director** |
| **DIN: 07645620** | **DIN:00153487** |

**Place:** Mumbai
**Date:** May 15, 2019

**Annexure I**

FORM NO. AOC.2

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

***(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)***

1. Details of contracts or arrangements or transactions not at arm's length basis: **Not Applicable**
   (a) Name(s) of the related party and nature of relationship
   (b) Nature of contracts/arrangements/transactions
   (c) Duration of the contracts/arrangements/transactions
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   (e) Justification for entering into such contracts or arrangements or transactions
   (f) date(s) of approval by the Board
   (g) Amount paid as advances, if any:
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis

| **Name of the Related Party & relationship** | **Nature of contracts /arrangement / transaction** | **Duration of the contracts / arrangement/transaction** | **Salient terms of the contracts or arrangements or transactions including the value, if any:** | **Date of approval by the Board, if any** | **Amount paid as advances, if any** |
|---|---|---|---|---|---|
| Avendus Capital Private Limited<br><br>(Holding Company and Common Directors) | Cost Sharing | Valid and Effective unless terminated mutually. | Cost Sharing agreement to share cost on:<br><br>•Rent for Premises<br>•Utilities charges such as:<br>o Electricity expenses<br>o Housekeeping,<br>o Facility management including<br>o consumables<br>o Air condition charges<br>o Office maintenance<br>o AMCs<br>o Security charges etc.<br>• Telephone, telegraph, fax, mail, postage, printing etc.<br>•Non-management staff salary cost and other costs incurred on them (support functions such as Finance & Accounts, Admin, IT) and HR | June 03, 2016 | Nil |

| | | | | | |
|---|---|---|---|---|---|
| | | | •Any other cost not included in the above heads.<br><br>The actual of any item relating to any services shall be allocated based on the Allocation Percentage.<br><br>Allocation Percentage means:<br><br>To the extent 100% of such item is demonstrably attributable to the AFPL or expenses directly for AFPL, 100% of the Actual Cost of such item shall be allocated to Company, as applicable;<br><br>All indirect costs, to be allocated between Company based on the allocation methodology.<br><br>Amount-INR 6,55,00,000 | | |
| Avendus Wealth Management Private Limited (AWMPL)<br><br>(Common Director) | Secondment Agreement | Valid and Effective unless terminated mutually. | In consideration of the Services to be rendered by AWMPL, the Company agrees and undertakes to reimburse AWMPL for the costs incurred on the provision of the Services, including an arm's length profit mark-up, plus any applicable value added tax thereon, provided that such mark-up shall not be payable on costs of subcontractors (the "Consideration").<br><br>The cost base for the calculation of the Consideration shall be defined as being actual direct arising with the Service Provider from the provision of the Services to the Company.<br><br>On this cost base, a profit mark-up of 10 % is applied (it being understood that such mark-up shall not be | March 30, 2017 | Nil |

| | | | | | |
|---|---|---|---|---|---|
| | | | payable on costs of subcontractors).<br><br>Amount: INR 2,48,49,000 | | |
| Avendus PE Investment Advisors Private Limited (APE),<br><br>Common directors | Consultancy Agreement | Valid and Effective unless terminated mutually. | The Company to provide consultancy services to the APE such as:<br>a. preparing presentation on potential borrowers, business, promoters, industry, transaction etc;<br>b. preparing financial model of the potential borrowers;<br>c. preparing the credit memorandum for the investment committee of the Fund;<br>d. execution of transactions for the fund;<br>e. post-monitoring of the transaction made by the fund; and<br>f. any other services as may be mutually agreed between the parties from time to time.<br><br>Amount: INR 16,54,124 | November 13, 2017 | Nil |

**On behalf of the Board of Directors**

**Sd/-**
**Sandeep Thapliyal**
**Managing Director & CEO**
**DIN: 07645620**

**Sd/-**
**Kaushal Kumar Aggarwal**
**Director**
**DIN: 00153487**

**Place:** Mumbai
**Date:** May 15, 2019

## ANNEXURE II

### Annual Report on CSR Activities of the Company

| Sr. No. | Reference | Particulars |
|---|---|---|
| **1.** | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: | The CSR Policy of the Company contains the activities that can be undertaken by the Company for CSR, 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<br><br>**Web link of CSR Policy**<br>www.avendus.com |
| **2.** | The Composition of the CSR Committee: | Mr. Sandeep Thapliyal<br>Mr. Kaushal Aggarwal<br>Mr. Nikhilesh Panchal (upto 30th March 2019) |
| **3.** | Average net profit of the company for last three financial year | INR 13,53,13,972 |
| **4.** | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | INR 27,06,279 (to be spent during the financial year 2018-19) |
| **5.** | Details of CSR spent during the financial year:<br><br>(a) Total amount spent for the financial year; | INR 20,00,000/- |
| | (b) Amount unspent, if any | INR 7,06,279/- |
| | (c) Manner in which amount is spent is detailed below:- | Support sports activities/ initiatives undertaken by Heed India |
| **6.** | In case company has failed to spend the two percent of the average net profit for | Not applicable |

| | | |
|---|---|---|
| | the last three financial years or any part thereof, the reasons for not spending the amount. | |
| **7.** | A responsibility statement of CSR committee | Our CSR activities are guided by the vision and objectives as provided in our CSR Policy. We have also put in place a robust monitoring and reporting mechanism to ensure effective implementation of our CSR activities, in line with the requirements of Companies Act, 2013. |

**Sd/-**
**Sandeep Thapliyal**
**Managing Director & CEO**

**Sd/-**
**Kaushal Agarwal**
**Director**

**Date: May 15, 2019**

ANNEXURE IIITO DIRECTORS' REPORT

FORM No. MGT-9

**EXTRACT OF ANNUAL RETURN**
**As on financial year ended on March 31, 2019**
***[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]***

**I.** REGISTRATION AND OTHER DETAILS:

| | | | |
|---|---|---|---|
| i. | **CIN** | **:** | **U65921MH1996PTC251407** |
| ii. | **Registration Date** | **:** | **May 15, 1996** |
| iii. | **Name of the Company** | **:** | **Avendus Finance Private Limited** |
| iv. | **Category & Sub-Category of the Company** | **:** | **Company Limited by Shares & Indian Non-Government Company** |
| v. | **Address of the Registered office and contact details** | **:** | **IL&FS Financial Centre, C & D Quadrant, 6th Floor, Bandra Kurla Complex, Bandra (East), Mumbai- 400051. Contact Person: - Mr. Sunil Dhoot Contact Number: - 022 66481476** |
| vi. | **Whether listed company** | **:** | **No** |
| vii. | **Name, Address and Contact details of Registrar and Transfer Agent, if any** | **:** | **Karvy Computershare Pvt. Ltd, Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032** |

**II.** PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

**All the business activities contributing 10% or more of the total turnover of the company shall be stated: -**

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| **1** | **Financial Services** | **64920** | **100** |

**III.** PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

** Inclusive of nominee shareholding held on behalf of Avendus Capital Private Limited (ACPL)*

## IV. SHARE HOLDING PATTERN
**(Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding:**

| Category of shareholders | No. of shares held at the beginning of the year[1] | | | | No. of shares held at the end of the year[1] | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) **Individual/HUF** | - | 4 | 4 | - | - | 4 | 4 | - | - |
| b) **Central Government** | - | - | - | - | - | - | - | - | - |
| c) **State Government(s)** | - | - | - | - | - | - | - | - | - |
| d) **Bodies Corp.** | - | 497,56,33,321 | 497,56,33,321 | 100 | | 497,56,33,321 | 497,56,33,321 | 100 | - |
| e) **Banks / FI** | - | | | | | | | | - |
| f) **Any other** | - | - | - | - | - | - | - | - | - |
| **Sub-total(A)(1)** | - | | | | | | | | - |
| **2) Foreign** | | | | | | | | | |
| a) **NRIs – Individuals** | - | - | - | - | - | - | - | - | - |
| b) **Other – Individuals** | - | - | - | - | - | - | - | - | - |
| **c) Bodies Corp.** | - | - | - | - | - | - | - | - | - |
| **d) Banks / FI** | - | - | - | - | - | - | - | - | - |
| **e) Any other** | - | - | - | - | - | - | - | - | - |
| **Sub-total (A)(2)** | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | - | 497,56,33,325 | 497,56,33,325 | 100 | - | 497,56,33,325 | 497,56,33,325 | 100 | - |
| **B. Public Shareholding** | | | | | | | | | |
| **1) Institutions** | | | | | | | | | |
| a) **Mutual Funds** | - | - | - | - | - | - | - | - | - |
| b) **Banks / FI** | - | - | - | - | - | - | - | - | - |
| c) **Central Government** | - | - | - | - | - | - | - | - | - |
| d) **State Government(s)** | - | - | - | - | - | - | - | - | - |
| e) **Venture Capital Funds** | - | - | - | - | - | - | - | - | - |
| f) **Insurance Companies** | - | - | - | - | - | - | - | - | - |
| g) **FIIs** | - | - | - | - | - | - | - | - | - |
| h) **Foreign Venture Capital Funds** | - | - | - | - | - | - | - | - | - |
| i) **Others (specify)** | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1)** | - | - | - | - | - | - | - | - | - |
| **2) Non-Institutions** | | | | | | | | | |
| a) **Bodies Corp.** | | | | | | | | | |

| Category of shareholders | No. of shares held at the beginning of the year[1] | | | | No. of shares held at the end of the year[1] | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | |
| i. Indian | - | - | - | - | - | - | - | - | - |
| ii. Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i. Individual shareholders holding nominal share capital upto Rs. 1 lakh | - | - | - | - | - | - | - | - | - |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others Individual together with Body Corporate | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | - | 497,56,33,325 | 497,56,33,325 | 100 | - | 497,56,33,325 | 497,56,33,325 | 100 | - |

*Note 1: Beginning of the year – As on April 1, 2018, End of the year – As on March 31, 2019*

**ii) Shareholding of Promoters:**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of Total Shares of the Company | % of Shares Pledged/ Encumbered to Total Shares | No. of shares | % of Total Shares of the Company | % of Shares Pledged/ Encumbered to Total Shares | |
| 1 | Avendus Capital Private Limited **(ACPL)*** | 497,56,33,321 | 100.00 | - | 497,56,33,321 | 100.00 | - | - |
| 2 | Ranu Vohra (Nominee of ACPL) | 1 | 0 | - | 1 | 0 | - | - |
| 3 | Kaushal Kumar Aggarwal (Nominee of ACPL) | 1 | 0 | - | 1 | 0 | - | - |
| 4 | Gaurav Deepak (Nominee of ACPL) | 1 | 0 | - | 1 | 0 | - | - |
| 5 | Pijush Sinha (Nominee of ACPL) | 1 | 0 | - | 1 | 0 | - | - |
| | **Total** | **497,56,33,325** | **100** | **-** | **497,56,33,325** | **100** | **-** | **-** |

*Note: Beginning of the year – As on April 1, 2018, End of the year – As on March 31, 2019*

**iii) Change in Promoters' Shareholding:**

| Sr. No. | Particulars | Shareholding at the beginning of the year(1) | | Cumulative Shareholding during the year(1) | |
|---|---|---|---|---|---|
| | | No. of shares | % of Total Shares of the Company | No. of shares | % of Total Shares of the Company |
| 1 | At the beginning of the year* | 497,56,33,325 | 100 | 497,56,33,325 | 100 |
| 2 | Date wise Increase/ Decrease in Promoters Shareholding during the year | - | - | - | |
| 3 | At the end of the year* | **497,56,33,325** | **100** | **497,56,33,325** | **100** |

*Note 1: Beginning of the year – As on April 1, 2018, End of the year – As on March 31, 2019*

*Note 2: * including nominee shareholding*

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): *Not Applicable***

**v) Shareholding of Directors and Key Managerial Personnel ("KMP"):**

| Sr. No. | Particulars of each of the Directors and KMP | Shareholding at the beginning of the year(1) | | Cumulative Shareholding during the year(1) | |
|---|---|---|---|---|---|
| | | No. of shares | % of Total Shares of the Company | No. of shares | % of Total Shares of the Company |
| 1 | **Mr. Ranu Vohra (Director)(Nominee of ACPL)** | | | | |
| | At the beginning of the year(1) | 1 | - | 1 | - |
| | Date wise Increase/ (Decrease) | - | - | - | - |
| | At the end of the year(1) | 1 | - | 1 | - |
| 2 | **Mr. Kaushal Kumar Aggarwal (Director) (Nominee of ACPL)** | | | | |
| | At the beginning of the year(1) | 1 | - | 1 | - |
| | Date wise Increase/ (Decrease) | - | - | - | - |
| | At the end of the year(1) | 1 | - | 1 | - |
| 3 | **Mr. Pijush Sinha (Director) (Nominee of ACPL)** | | | | |
| | At the beginning of the year(1) | 1 | - | 1 | - |
| | Date wise Increase/ (Decrease) | - | - | - | - |
| | At the end of the year(1) | 1 | - | 1 | - |
| 4 | **Mr. Sandeep Thapliyal (Managing Director & CEO)** | | | | |
| | At the beginning of the year(1) | - | - | - | - |
| | Date wise Increase/ (Decrease) | - | - | - | - |
| | At the end of the year(1) | - | - | - | - |
| 5 | **Mr. Nikhilesh Panchal (Director)** | | | | |
| | At the beginning of the year(1) | - | - | - | - |
| | Date wise Increase/ (Decrease) | - | - | - | - |
| | At the end of the year(1) | - | - | - | - |
| 6 | **Mr. Suresh Menon (Director)** | | | | |
| | At the beginning of the year(1) | | | | |
| | Date wise Increase/ (Decrease) | | | | |
| | At the end of the year(1) | | | | |
| 7 | **Mr. Sunil Dhoot (Company Secretary)*** | | | | |
| | At the beginning of the year(1) | - | - | - | - |
| | Date wise Increase/ (Decrease) | - | - | - | - |

| Sr. No. | Particulars of each of the Directors and KMP | Shareholding at the beginning of the year[1] | | Cumulative Shareholding during the year[1] | |
|---|---|---|---|---|---|
| | | No. of shares | % of Total Shares of the Company | No. of shares | % of Total Shares of the Company |
| | At the end of the year[1] | - | - | - | - |

*Note:*
*1 Beginning of the year – As on April 1, 2018, End of the year – As on March 31, 2019*
** Resigned w.e.f March 01, 2019*

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

**(Amount in INR.)**

| Indebtedness at the beginning of the financial year[1] | Secured Loans Excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| i. Principal Amount | 1260000000 | - | - | 1260000000 |
| ii. Interest due but not paid | - | - | - | - |
| iii. Interest accrued but not due | 7643014 | - | - | 7643014 |
| **Total (i+ii+iii)** | **12676,43,014** | **-** | **-** | **12676,43,014** |
| Change in Indebtedness during the financial year | | | | |
| Addition | 2990000000 | 1312899249 | - | 43028,99,249 |
| Reduction | 100000000 | 1057555750 | - | 11575,55,750 |
| Net Change | 28900,00,000 | 2553,43,499 | - | 31453,43,499 |
| Indebtedness at the end of the financial year | | | | |
| i. Principal Amount | 41500,00,000 | 2553,43,499 | - | 44053,43,499 |
| ii. Interest due but not paid | - | - | - | -- |
| iii. Interest accrued but not due | 815,04,580 | - | - | - |
| Total (i+ii+iii) | 42315,04,580 | 2553,43,499 | - | 44868,48,079 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Mr. Sandeep Thapliyal:

**(Amount in INR.)**

| Sr. No. | Particulars | Total |
|---|---|---|
| 1 | **Gross salary** | **17,496,000** |
| | **a. Salary as per provisions contained in section 17(1) of the Income-tax** | |
| | **b. Value of perquisites u/s 17(2) Income-tax Act, 1961** | |
| | **c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961** | |
| 2 | **Stock Options** | **4, 391,208** |
| 3 | **Sweat Equity** | **-** |
| 4 | **Commission** | **-** |
| | **- as % of profit** | **-** |
| | **- others, specify** | **-** |
| 5 | **Others, please specify** | **-** |
| | **a. Company's Contribution to Provident Fund** | **-** |
| | **b. Food coupon** | **-** |
| 6 | **Bonus** | **14,595,000** |
| | **Total (A)** | **36,482,208** |

| | | |
|---|---|---|
| | **Ceiling as per the Act** | |

**B. Remuneration to other Directors:**

**Independent Directors:**

| Particulars of Remuneration | Name of Directors | | Total Amount |
|---|---|---|---|
| | Mr. Suresh Menon | Mr. Nikhilesh Panchal | |
| For attending Board / Committee Meetings | 5,75,000 | 4,00,000 | 9,75,000 |
| Total (1) | 5,75,000 | 4,00,000 | 9,75,000 |

**Other Non- Executive Directors:**

| Particulars of Remuneration | Name of Directors | | | Total Amount |
|---|---|---|---|---|
| | Mr. Ranu Vohra | Mr. Kaushal Aggarwal | Mr. Pijush Sinha | |
| For attending Board / Committee Meetings | -- | -- | -- | -- |
| Total (2) | -- | -- | -- | -- |
| Total (1+2) | | | | 9,75,000 |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

**(Amount in INR.)**

| Sr. No. | Particulars of Remuneration | Mr. Sunil Dhoot[3] (Company Secretary) |
|---|---|---|
| 1. | Gross salary<br><br>(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961<br><br>(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961<br><br>(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | 1052666 |
| 2. | Stock Option | |
| 3. | Sweat Equity | |
| 4. | Commission<br>- as % of profit<br>- others, specify…Bonus for FY 18-19 | |
| 5. | Others, please specify Bonus for FY 18-19 | 459,313 |
| x | Total (A) | **1,511,979** |

*Note 3: Resigned w.e.f March 01, 2019*

**VII.** PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

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

**Sd/-**
**Sandeep Thapliyal**
**Managing Director & CEO**
**DIN: 07645620**

**Sd/-**
**Kaushal Aggarwal**
**Director**
**DIN: 00153487**

**Place: Mumbai**
**Date: May 15, 2019**

**Deloitte**
**Haskins & Sells LLP**

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

Tel: +91 22 6185 4000
Fax: +91 22 6185 4001

To,
The Board of Directors,
Avendus Finance Private Limited,
IL&FS Finance Center,
6th Floor, B & C Quadrant
Bandra Kurla Complex,
Bandra-East, Mumbai- 400051

**Auditors' Report under the provisions of the Master Direction - Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016 in respect of the year ended March 31, 2019**

1. We have audited the accompanying financial statements of Avendus Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information and issued our report dated May 15, 2019.

**Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   The Company's management is also responsible for ensuring the compliance as applicable to it as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and amendments thereon.

**Auditors' Responsibility**

3. Pursuant to the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 (the "Directions") and any amendments thereon, it is our responsibility to examine the books and records of the Company and report on the matters specified in the Directions to the extent applicable to the Company.

4. We conducted our verification in accordance with the Guidance Note on Audit Reports or Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India (the "ICAI"). The guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

DELOITTE HASKINS & SELLS LLP MUMBAI CHARTERED ACCOUNTANTS

5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

**Conclusion**

6. Based on the examination of books and records of the Company and on the basis of the information and explanations given to us we report that:

6.1 Pursuant to the application for registration as a Non-banking Financial Company with Reserve bank of India as provided in section 45-IA of the Reserve Bank of India Act, 1934, the company has been granted a certificate of registration by Reserve bank of India on November 24, 1998.

6.2 The Company is entitled to continue to hold such Certificate of Registration in terms of its Principal Business Criteria (Financial asset/ income pattern) as on March 31, 2019.

6.3 The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

6.4 The provisions of clause 3(C) of the Master Direction - Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016 apply to the Company:

(i) The Board of Directors has, at its meeting held on April 25, 2018 passed a resolution for non-acceptance of any public deposits.

(ii) The Company has not accepted any public deposits during the year ended March 31, 2019.

(iii) As per press release no. 11/10/2009 CL-V dated 18th January, 2016 issued by Ministry of Corporate Affairs, the Company has prepared its financial statements for the year ended March 31, 2019 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 Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly, the financial statements have been prepared in accordance with the recognition and measurement principles as laid down in IND AS prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Accordingly, income recognition, asset classification and provisioning for bad and doubtful debts have been done as per applicable IND AS and not as per the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts in terms of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

(iv) The Company is required to comply with the regulations/directions issued to Non-Banking Financial Company – Systemically Important Non-Deposit taking Company:

(a) The Capital Adequacy Ratio (CRAR) of the Company as on March 31, 2019 is 58.23% and the same has been correctly computed. The said ratio is in compliance with the minimum CRAR of 15% as prescribed by the RBI.

(b) The Company has furnished to the RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period of 15 days for the year ended March 31, 2019 based on provisional numbers.

(v) The Company is not a Non-Banking Financial Company- Micro Finance Institution based on the criteria set forth by Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 for classification of NBFCs as NBFC-Micro Finance Institution.

**Restriction on Use**

7. This report is issued at the request of the Company and is strictly confidential and for the use solely by the Management of the Company for submission by it to the Reserve Bank of India and should not be used, referred to, published, distributed or relied upon by any person or entity for any purpose, whatsoever, without our prior written consent. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior written consent.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

**R. Laxminarayan**
Partner
(Membership No. 33023)

**Mumbai,** May 15, 2019

## Avendus Finance Private Limited

**Balance sheet as at March 31, 2019** *INR in lakhs*

| | Assets | Note No. | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|---|---|
| **(1)** | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 2 | 703.48 | 1,380.36 | 977.02 |
| (b) | Bank Balance other than (a) above | 3 | - | 2,500.00 | - |
| (c) | Receivables | | | | |
| | (i) Trade Receivables | 4 | 754.17 | 542.11 | 157.50 |
| (d) | Loans | 5 | 89,885.28 | 61,096.17 | 11,002.58 |
| (e) | Investments | 6 | 18,417.45 | 3,025.07 | 12,101.61 |
| (f) | Other Financial assets | 7 | 379.06 | 3,100.58 | 132.20 |
| **(2)** | **Non-Financial Assets** | | | | |
| (a) | Deferred Tax Assets (Net) | 8 | 4.37 | 16.10 | 5.80 |
| (b) | Property, Plant and Equipment | 9 | 21.48 | 14.41 | 7.40 |
| (c) | Other non-financial assets | 10 | 103.37 | 8.49 | 39.68 |
| | **Total Assets** | | **110,268.66** | **71,683.29** | **24,423.79** |

| | Liabilities and Equity | Note No. | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|---|---|
| | **Liabilities** | | | | |
| **(1)** | **Financial Liabilities** | | | | |
| (a) | Payables | 11 | | | |
| | Trade Payables | | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 84.37 | 92.48 | 28.32 |
| (b) | Debt securities | 12 | 17,553.43 | 5,000.00 | - |
| (c) | Borrowings (Other than Debt Securities) | 13 | 26,500.00 | 7,609.02 | - |
| (d) | Other financial liabilities | 14 | 1,966.43 | 1,098.21 | 528.51 |
| **(2)** | **Non-Financial Liabilities** | | | | |
| (a) | Current tax liabilities (Net) | 15 | 293.40 | 179.77 | 33.43 |
| (b) | Provisions | 16 | 46.80 | 20.63 | 8.88 |
| (c) | Other non-financial liabilities | 17 | 315.35 | 98.67 | 54.72 |
| | **Total Liabilities (A)** | | **46,759.78** | **14,098.78** | **653.86** |
| **(3)** | **Equity** | | | | |
| (a) | Equity share capital | 18 | 49,756.33 | 49,756.33 | 23,538.00 |
| (b) | Other equity | 19 | 13,752.55 | 7,828.18 | 231.93 |
| | **Total Equity (B)** | | **63,508.88** | **57,584.51** | **23,769.93** |
| | **Total Liabilities and Equity (A+B)** | | **110,268.66** | **71,683.29** | **24,423.79** |

**See accompanying notes forming part of the financial statements** **1-47**

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

**R. Laxminarayan**
**Partner**

DELOITTE HASKINS & SELLS LLP ★ CHARTERED ACCOUNTANTS ★
Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013.

**Place : Mumbai**
**Date:** May 15, 2019

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

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

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

**Parimal Deuskar**
**Company Secretary**

**Place : Mumbai**
**Date:** May 15, 2019

## Avendus Finance Private Limited

**Statement of Profit and Loss for the year ended 31st March 2019** *INR in lakhs*

| | Particulars | Note No. | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|---|---|
| | **Revenue from operations** | | | |
| (i) | Interest Income | 20 | 12,260.15 | 3,591.24 |
| (ii) | Dividend Income | | 42.19 | 12.88 |
| (iii) | Fees and commission Income | | 1,496.49 | 524.46 |
| (iv) | Net gain on fair value changes | 21 | 1,250.71 | 1,624.03 |
| **(I)** | **Total Revenue from operations** | | **15,049.54** | **5,752.61** |
| **(II)** | Other Income | 22 | 87.87 | 8.96 |
| **(III)** | **Total Income (I+II)** | | **15,137.41** | **5,761.57** |
| | **Expenses** | | | |
| (i) | Finance Cost | 23 | 3,346.44 | 106.73 |
| (ii) | Impairment on financial instruments | 24 | 269.58 | 14.28 |
| (iii) | Employee Benefits Expenses | 25 | 2,694.75 | 1,504.82 |
| (iv) | Depreciation, amortization and impairment | 26 | 8.82 | 4.62 |
| (v) | Other expenses | 27 | 938.41 | 801.28 |
| **(IV)** | **Total Expenses** | | **7,258.00** | **2,431.73** |
| **(V)** | **Profit before tax (III-IV)** | | **7,879.41** | **3,329.84** |
| **(VI)** | **Tax Expense:** | | | |
| | (1) Current Tax | 28 | 2,330.00 | 939.18 |
| | (2) Deferred Tax | | 12.30 | -9.97 |
| | | | **2,342.30** | **929.21** |
| **(VII)** | **Profit for the year from continuing operations (V-VI)** | | **5,537.11** | **2,400.63** |
| **(VIII)** | **Other Comprehensive Income** | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit plans; | | (1.97) | (1.11) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | 0.57 | 0.32 |
| | **Other Comprehensive Income** | | (1.40) | (0.79) |
| **(IX)** | **Total Comprehensive Income for the year** | | **5,535.71** | **2,399.84** |
| **(X)** | **Earnings per equity share** | | | |
| | Basic (Rs) | 29 | 0.11 | 0.07 |
| | Diluted (Rs.) | 29 | 0.11 | 0.07 |
| | **See accompanying notes forming part of the financial statements** | **1-47** | | |

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

**R. Laxminarayan**
**Partner**

DELOITTE HASKINS & SELLS LLP ★ CHARTERED ACCOUNTANTS ★
Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013.

**Place : Mumbai**
**Date :** May 15, 2019

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

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

Kaushal Aggarwal

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

**Parimal Deuskar**
**Company Secretary**

**Place : Mumbai**
**Date :** May 15, 2019

AVENDUS FINANCE PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED March 31, 2019

INR in lakhs

| | Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| | **Profit before tax** | **7,879.41** | **3,329.84** |
| | **Add / (Less) : Adjustments for** | | |
| | Finance Costs | 3,346.44 | 106.73 |
| | Depreciation | 8.81 | 4.62 |
| | Fair Value of debt securities and preference shares | 251.63 | 6.99 |
| | Interest income on fixed deposit | (87.38) | (0.29) |
| | Credit Impaired | 5.28 | - |
| | Interest on income tax refund | - | (0.42) |
| | Impairment losses on financial instruments | 269.58 | 14.28 |
| | Gain on sale of mutual funds | (868.45) | (908.52) |
| | Fair value of loans | (355.17) | (528.83) |
| | Fair value of mutual funds | (23.06) | 18.45 |
| | Share based payment | 387.86 | 58.70 |
| | | **2,935.54** | **(1,228.29)** |
| | **Operating Profit before Working Capital Changes** | **10,814.95** | **2,101.55** |
| | **Changes in Working Capital :** | | |
| | Adjustment for (increase)/decrease in operating assets: | | |
| | Receivables | (217.35) | (384.61) |
| | Investments | (2,348.42) | 1,494.04 |
| | Loans | (28,703.52) | (49,579.04) |
| | Other Financial assets | 2,721.23 | (2,968.38) |
| | Other non-financial assets | (94.88) | 31.19 |
| | | **(28,642.94)** | **(51,406.80)** |
| | Adjustment for increase/(decrease) in operating liabilities: | | |
| | Payables | (8.11) | 54.16 |
| | Provisions | 26.16 | 11.75 |
| | Remeasurement impact defined benefit plan | (1.97) | (1.11) |
| | Other financial liabilities | 129.60 | 493.27 |
| | Other non-financial liabilities | 186.68 | 43.95 |
| | | 332.36 | 602.02 |
| | **Net Changes in Working Capital** | (28,310.58) | (50,804.78) |
| | **Cash flow from Operations** | **(17,495.63)** | **(48,703.23)** |
| | Income Tax Paid (Net) | (2,186.37) | (792.42) |
| | **Cash used in Operations** | **(19,682.00)** | **(49,495.65)** |
| | **Net Cash (used in) Operating Activities (A)** | **(19,682.00)** | **(49,495.65)** |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Proceeds from Sale of Investments | 677,512.75 | 137,587.34 |
| | Purchase of Investments | (689,925.84) | (129,121.49) |
| | Interest received on Investments in Bonds | - | - |
| | Income from trading in current investments | - | - |
| | Dividend Received | - | - |
| | Interest on Fixed Deposits | 87.67 | - |
| | Proceeds from Sale of Fixed Assets | - | 0.20 |
| | Purchase of Fixed Assets | (16.04) | (11.83) |
| | **Net Cash (used in) / from Investing Activities (B)** | **(12,341.46)** | **8,454.22** |

DELOITTE HASKINS & SELLS LLP MUMBAI

AVENDUS FINANCE PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED March 31, 2019

INR in lakhs

| | Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|---|
| C | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Finance cost | (2,597.83) | (30.30) |
| | Proceeds from Short term borrowings | - | - |
| | Repayment of Short term Borrowings | 0.00 | - |
| | Proceeds from Issuance of Share Capital including premium (net of share issue expenses) | - | 31,366.05 |
| | Proceeds from Borrowings | 43,028.99 | 12,609.02 |
| | Repayment of Borrowings | (11,584.58) | - |
| | **Net Cash generated from Financing Activities (C)** | **28,846.58** | **43,944.77** |
| | **Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)** | **(3,176.88)** | **2,903.34** |
| | **Cash and cash equivalents as at the beginning of the year** | **3,880.36** | **977.02** |
| | **Cash and cash equivalents as at the end of the year** | **703.48** | **3,880.36** |
| | **Cash and Cash Equivalents consist of :- (Refer note 2 & 3)** | | |
| | - Balance in Current Accounts | 703.48 | 1,380.36 |
| | - Balance in Fixed Deposits | - | 2,500.00 |
| | **Total** | **703.48** | **3,880.36** |

**Notes:**

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

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

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Opening Balance | 12,600.00 | - |
| Borrowings received during the year | 43,028.99 | 12,600.00 |
| Repayment during the year | (11,584.58) | - |
| Closing Balance | **44,044.41** | **12,600.00** |

**See accompanying notes forming part of the financial statements** 1-47

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

**R. Laxminarayan**
**Partner**

DELOITTE HASKINS & SELLS LLP ★ CHARTERED ACCOUNTANTS ★
Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013.

**Place : Mumbai**
**Date:** May 15, 2019

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

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

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

**Parimal Deuskar**
**Company Secretary**

**Place : Mumbai**
**Date:** May 15, 2019

**AVENDUS FINANCE PRIVATE LIMITED**
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Statement of Changes in Equity of Avendus Finance Private Limited for the year ended March 31, 2019**

**INR in lakhs**

**Equity Share Capital**

| Particulars | Amount |
|---|---|
| **Balance at April 1, 2017** | 23,538.00 |
| Changes in equity share capital during the year | 26,218.33 |
| **Balance at March 31, 2018** | 49,756.33 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2019** | 49,756.33 |

**Other equity**

| Particulars | Reserves and Surplus | | | | Other Comprehensive Income | Contribution from Holding Company | Total |
|---|---|---|---|---|---|---|---|
| | Statutory Reserve | Securities Premium | General Reserve | Retained Earnings | | | |
| **Balance as at April 1, 2017** | 50.91 | - | 5.28 | 166.24 | | 9.50 | 231.93 |
| Transfer to/from retained earnings | 455.57 | - | - | (455.57) | | - | - |
| Share issued at premium | - | 5,137.71 | - | | | | 5,137.71 |
| Employee Stock Options | | | | | | 58.70 | 58.70 |
| Profit for the year | | | | 2,400.63 | | | 2,400.63 |
| Other Comprehensive Income for the year | | | | | (0.79) | | (0.79) |
| **Total Comprehensive Income for the year** | - | - | - | 2,400.63 | (0.79) | - | 2,399.84 |
| **Balance as at March 31, 2018** | 506.48 | 5,137.71 | 5.28 | 2,111.30 | (0.79) | 68.20 | 7,828.18 |
| Transfer to/from retained earnings | 1,107.42 | | | (1,107.42) | | | - |
| Share based payment | | | | | | 387.86 | 387.86 |
| Profit for the year | | | | 5,537.11 | | | 5,537.11 |
| Other Comprehensive Income for the year | | | | | (1.40) | | (1.40) |
| **Total Comprehensive Income for the year** | - | - | - | 5,537.11 | (1.40) | - | 5,535.71 |
| **Balance as at March 31, 2019** | 1,613.90 | 5,137.71 | 5.28 | 6,540.99 | (1.40) | 456.06 | 13,752.55 |

**See accompanying notes forming part of the financial statements** **1-47**

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

**R. Laxminarayan**
**Partner**

DELOITTE HASKINS & SELLS LLP ★ CHARTERED ACCOUNTANTS ★
Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013.

**Place : Mumbai**
**Date:** May 15, 2019

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

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

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

**Parimal Deuskar**
**Company Secretary**

**Place : Mumbai**
**Date:** May 15, 2019

## 1. General information

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

## 1.1 Basis of Preparation

### A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly, these financial statements together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. The transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act read with Rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by the RBI and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the comparative previous year has been restated / reclassified.

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments).

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1 April 2017 being the date of transition to Ind AS. These financial statements were authorized for issue by the Company's Board of Directors on May 15, 2019.

### B. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs with two decimals, except when otherwise indicated.

### C. Use of estimates and judgements

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates and assumptions are required in particular for:

I. Determination of estimated useful lives of property, plant, equipment

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance

support.

II. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 32.

III. Recognition of deferred tax assets

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

IV. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 31.

V. Business model assessment

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

VI. Effective Interest Rate (EIR) method

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

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-

cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

VII. Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments classified as FVOCI. At each reporting date, the Company assesses whether the above financial assets are 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. 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.

**1.2 Standard issued but not effective**

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs ('MCA') on 30th March, 2019) which are effective for annual periods beginning on or after 1st April, 2019. The Company intends to adopt these standards or amendments from the effective date.

Ind AS 116 – Leases

Ind AS 116 is applicable for financial reporting periods beginning on or after 1 April 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company is in the process of analysing the impact of new lease standard on its financial statements.

The following amended standards are not expected to have a significant impact on the Company's financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

i. **Amendment to *Ind AS 12 Income Taxes* : Appendix C – Uncertainty over Income Tax Treatments**

The Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

ii. **Amendments to *Ind AS 109 Financial Instruments* : Prepayment Features with Negative Compensation**

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the

appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

iii. **Amendments to *Ind AS 28 Investments in Associate and Joint Ventures* : Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests. The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

iv. **Amendment to *Ind AS 103 Business Combinations***

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

v. **Amendment to *Ind AS 111 Joint Arrangements***

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured.

vi. **Amendments to *Ind AS 12 Income Taxes***

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

vii. **Amendments to *Ind AS 23 Borrowing Costs***

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

viii. **Amendments to *Ind AS 19 Employee Benefits***

This amendment requires:

To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

To recognise in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

**1.3 Significant accounting policies**

**A. Cash and cash equivalents**

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

**B. Property, plant and equipment**

**i. Recognition and measurement**

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

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

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

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

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

**ii. Subsequent expenditure**

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

**iii. Depreciation**

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

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

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

**iv. Derecognition**

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

**C. Revenue recognition of income**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

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

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

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

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

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

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

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

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

**D. Employee benefits**

**Defined Contribution Plan**

**Provident Fund**

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

**Defined Benefit Plan**

**Gratuity**

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

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

**Compensated Absences**

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

**Other Employee Benefits**

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

**Employee Stock Option Plans**

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

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

**E. Income Tax**

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

**Current tax**

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

**Deferred tax**

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

**F. 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.

**G. 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.

**H. Financial Instruments**

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

**Financial assets**

**Classification**

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

**Initial recognition and measurement**

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

**Business model assessment**

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

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit

DELOITTE HASKINS & SELLS LLP MUMBAI

risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

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

**Financial assets at amortised cost**

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

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

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

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

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

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

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

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

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost.

**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.

**I. 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').
PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data.
LGD has been computed basis collateral available, subject to suitable haircuts being applied, based on management assessment and judgement and RBI guidance, wherever applicable

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

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

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

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

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

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

- Stage 3: Lifetime ECL (credit impaired):

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

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

*Method used to compute lifetime ECL:*

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

**J. 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.

**K. Derecognition of financial assets and financial liabilities**

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

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

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

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

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

**Financial liabilities**

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

**Modifications of financial assets and financial liabilities**

**Financial assets**

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

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

**Financial liabilities**

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

**L. Measurement of fair values**

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

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

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

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

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

Certain loans given by the Company are measured at FVTPL.

**M. Provisions, Contingent Liabilities and Contingent Assets**

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.

**N. 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.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

INR in lakhs

**Note 2 Cash and cash equivalents**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (a)Balances with Banks (of the nature of cash and cash quivalents); | | | |
| In Current Accounts | 703.48 | 1,380.36 | 977.02 |
| **Total** | **703.48** | **1,380.36** | **977.02** |

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| In Deposit Accounts | - | 2,500.00 | - |
| **Total** | **-** | **2,500.00** | **-** |

**Note 4. Receivables**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| **Trade Receivables** | | | |
| (a) Considered good -Unsecured | 754.17 | 542.11 | 157.50 |
| Less: Allowance for impairment loss | - | - | - |
| (b) Credit Impaired | 5.28 | - | - |
| Less: Allowance for impairment loss | (5.28) | - | - |
| **Total** | **754.17** | **542.11** | **157.50** |

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 5. Loans

INR in lakhs

| Particulars | As at March 31, 2019 | | | | | | As at March 31, 2018 | | | | | | As at April 01, 2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amortised cost | At Fair Value: Through other comprehensive income | At Fair Value: Through profit and loss account | At Fair Value: Designated at fair value through profit and loss account | At Fair Value: Subtotal | Total | Amortised cost | At Fair Value: Through other comprehensive income | At Fair Value: Through profit and loss account | At Fair Value: Designated at fair value through profit and loss account | At Fair Value: Subtotal | Total | Amortised cost | At Fair Value: Through other comprehensive income | At Fair Value: Through profit and loss account | At Fair Value: Designated at fair value through profit and loss account | At Fair Value: Subtotal | Total |
| | 1 | 2 | 3 | 4 | (5=2+3+4) | (6=1+5) | 1 | 2 | 3 | 4 | (5=2+3+4) | (6=1+5) | 1 | 2 | 3 | 4 | (5=2+3+4) | (6=1+5) |
| Term Loans | 71,489.51 | - | 18,683.77 | - | 18,683.77 | 90,173.28 | 47,268.60 | - | 13,845.99 | - | 13,845.99 | 61,114.59 | 3,678.69 | - | 7,328.03 | - | 7,328.03 | 11,006.72 |
| Total ( A ) Gross | 71,489.51 | - | 18,683.77 | - | 18,683.77 | 90,173.28 | 47,268.60 | - | 13,845.99 | - | 13,845.99 | 61,114.59 | 3,678.69 | - | 7,328.03 | - | 7,328.03 | 11,006.72 |
| Less: Impairment loss allowance | 288.00 | - | - | - | - | 288.00 | 18.42 | - | - | - | - | 18.42 | 4.14 | - | - | - | - | 4.14 |
| Total ( A ) Net | 71,201.51 | - | 18,683.77 | - | 18,683.77 | 89,885.28 | 47,250.18 | - | 13,845.99 | - | 13,845.99 | 61,096.17 | 3,674.55 | - | 7,328.03 | - | 7,328.03 | 11,002.58 |
| (i) Secured by tangible assets | 30,049.09 | | 295.26 | | 295.26 | 30,344.35 | 12,702.78 | | 337.18 | | 337.18 | 13,039.96 | 1,837.52 | | 318.99 | | 318.99 | 2,156.51 |
| (ii) Covered by Bank Guarantee | 936.20 | | 126.72 | | 126.72 | 1,062.92 | - | | | | - | - | | | | | - | - |
| (iii) Other including securities | 37,227.69 | | 18,261.79 | | 18,261.79 | 55,489.48 | 34,565.82 | | 13,508.81 | | 13,508.81 | 48,074.63 | 1,841.17 | | 7,009.04 | | 7,009.04 | 8,850.21 |
| (iv) Unsecured | 3,276.53 | | - | | - | 3,276.53 | | | | | - | - | | | | | - | - |
| Total ( B ) Gross | 71,489.51 | - | 18,683.77 | - | 18,683.77 | 90,173.28 | 47,268.60 | - | 13,845.99 | - | 13,845.99 | 61,114.59 | 3,678.69 | - | 7,328.03 | - | 7,328.03 | 11,006.72 |
| Less: Impairment loss allowance | 288.00 | - | - | - | - | 288.00 | 18.42 | - | - | - | - | 18.42 | 4.14 | - | - | - | - | 4.14 |
| **Total (B ) Net** | 71,201.51 | - | 18,683.77 | - | 18,683.77 | 89,885.28 | 47,250.18 | - | 13,845.99 | - | 13,845.99 | 61,096.17 | 3,674.55 | - | 7,328.03 | - | 7,328.03 | 11,002.58 |
| C. Loans in India | | | | | | | | | | | | | | | | | | |
| (i) Public Sector | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (ii)Others | 71,489.51 | - | 18,683.77 | - | 18,683.77 | 90,173.28 | 47,268.60 | - | 13,845.99 | - | 13,845.99 | 61,114.59 | 3,678.69 | - | 7,328.03 | - | 7,328.03 | 11,006.72 |
| Total ( C ) Gross | 71,489.51 | - | 18,683.77 | - | 18,683.77 | 90,173.28 | 47,268.60 | - | 13,845.99 | - | 13,845.99 | 61,114.59 | 3,678.69 | - | 7,328.03 | - | 7,328.03 | 11,006.72 |
| Less: Impairment loss allowance | 288.00 | - | - | - | - | 288.00 | 18.42 | - | - | - | - | 18.42 | 4.14 | - | - | - | - | 4.14 |
| Total (C ) Net | 71,201.51 | - | 18,683.77 | - | 18,683.77 | 89,885.28 | 47,250.18 | - | 13,845.99 | - | 13,845.99 | 61,096.17 | 3,674.55 | - | 7,328.03 | - | 7,328.03 | 11,002.58 |
| (D) Loans Outside India | | | | | | | | | | | | | | | | | | |
| Loans Outside India | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Impairment loss allowance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total D (Net) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total (C+D) | 71,201.51 | - | 18,683.77 | - | 18,683.77 | 89,885.28 | 47,250.18 | - | 13,845.99 | - | 13,845.99 | 61,096.17 | 3,674.55 | - | 7,328.03 | - | 7,328.03 | 11,002.58 |

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Note 6. Investments**

INR in lakhs

| Particulars | As at March 31, 2019 | | | | | | As at March 31, 2018 | | | | | | As at April 01, 2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | At Fair Value | | | | | | At Fair Value | | | | | | At Fair Value | | | | |
| | Amortised cost | Through other comprehensive income | Through profit and loss account | Designated at fair value through profit and loss account | Subtotal | Total | Amortised cost | Through other comprehensive Income | Through profit and loss account | Designated at fair value through profit and loss account | Subtotal | Total | Amortised cost | Through other comprehensive income | Through profit and loss account | Designated at fair value through profit and loss account | Subtotal | Total |
| | 1 | 2 | 3 | 4 | (5=2+3+4) | (6=1+5) | 1 | 2 | 3 | 4 | (5=2+3+4) | (6=1+5) | 1 | 2 | 3 | 4 | (5=2+3+4) | (6=1+5) |
| **Investments** | | | | | | | | | | | | | | | | | | |
| Mutual fund units | - | - | 13,735.38 | - | **13,735.38** | 13,735.38 | - | - | 454.03 | - | **454.03** | 454.03 | - | - | 8,036.80 | - | **8,036.80** | 8,036.80 |
| Debt securities | - | - | 4,657.95 | - | **4,657.95** | 4,657.95 | - | - | 2,001.64 | - | **2,001.64** | 2,001.64 | - | - | 4,064.81 | - | **4,064.81** | 4,064.81 |
| Preference Shares | - | - | 24.12 | - | **24.12** | 24.12 | - | - | 569.40 | - | **569.40** | 569.40 | - | - | - | - | - | - |
| **Total - Gross (A)** | - | - | 18,417.45 | - | **18,417.45** | 18,417.45 | - | - | 3,025.07 | - | **3,025.07** | 3,025.07 | - | - | 12,101.61 | - | **12,101.61** | 12,101.61 |
| | | | | | | | | | | | | | | | | | | |
| (i) Investments outside India | - | - | - | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (ii) Investments in India | - | - | 18,417.45 | | **18,417.45** | 18,417.45 | | - | 3,025.07 | | **3,025.07** | 3,025.07 | | - | 12,101.61 | | **12,101.61** | 12,101.61 |
| **Total (B)** | | | 18,417.45 | | **18,417.45** | 18,417.45 | | | 3,025.07 | | **3,025.07** | 3,025.07 | | | 12,101.61 | | **12,101.61** | 12,101.61 |
| Less: Impairment loss allowance (C) | - | - | - | - | - | - | - | - | | - | - | - | - | - | - | - | - | - |
| **Total - Net D= (A)-(C)** | - | - | 18,417.45 | - | **18,417.45** | 18,417.45 | - | - | **3,025.07** | - | 3,025.07 | 3,025.07 | - | - | 12,101.61 | - | 12,101.61 | 12,101.61 |

DELOITTE HASKINS & SELLS LLP MUMBAI

INR in lakhs

**Note 7. Other Financial Assets**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Security deposits | | | |
| To Related Parties | - | - | - |
| To Others | 5.00 | - | - |
| Interest accrued on fixed deposits | - | 0.29 | - |
| Interest accrued on loans and advances but not due | 374.06 | 433.64 | - |
| Interest accrued on corporate bonds | - | - | 131.90 |
| Advance for Investments (Fair Value through Profit and Loss) | - | 2,666.51 | - |
| Others | - | 0.14 | 0.30 |
| **Total** | **379.06** | **3,100.58** | **132.20** |

**Note 8. Deferred tax balances**

(Refer Note no. 28)

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Deferred tax assets | 1.39 | 13.18 | 6.19 |
| Deferred tax liabilities | (2.98) | (2.92) | 0.39 |
| | | | |
| **Net Deferred Tax Assets** | **4.37** | **16.10** | **5.80** |

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Note 9. Property, Plant and Equipment**

INR in lakhs

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 01, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Office Equipments | Computers | Total | Office Equipments | Computers | Total | Office Equipments | Computers | Total |
| Gross Block (Deemed Cost) | | | | | | | | | |
| As at the beginning of the year | 7.11 | 11.72 | 18.83 | 4.34 | 3.06 | 7.40 | 4.34 | 3.06 | 7.40 |
| Additions | 1.89 | 14.15 | 16.04 | 3.17 | 8.66 | 11.83 | | | - |
| Disposals | (0.92) | - | (0.92) | (0.40) | - | (0.40) | | | - |
| **As at the end of the year (A)** | **8.08** | **25.87** | **33.95** | **7.11** | **11.72** | **18.83** | **4.34** | **3.06** | **7.40** |
| Accumulated Depreciation | | | | | | | | | |
| As at the beginning of the year | 1.45 | 2.97 | 4.42 | - | - | - | - | - | - |
| Depreciation for the year | 2.54 | 6.28 | 8.82 | 1.65 | 2.97 | 4.62 | - | - | - |
| Disposals | (0.77) | - | (0.77) | (0.20) | - | (0.20) | | | - |
| **As at the end of the year (B)** | **3.22** | **9.25** | **12.47** | **1.45** | **2.97** | **4.42** | **-** | **-** | **-** |
| **Net carrying amount as at the end of the year (A-B)** | **4.86** | **16.62** | **21.48** | **5.66** | **8.75** | **14.41** | **4.34** | **3.06** | **7.40** |

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

INR in lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Advance to Vendors | 2.98 | 1.41 | - |
| Balances with Government authorities | 55.31 | - | 39.36 |
| Prepaid expenses | 45.08 | 7.08 | 0.32 |
| **Total** | **103.37** | **8.49** | **39.68** |

**Note 11. Payables**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| **Trade Payables** | | | |
| (i) total outstanding dues of micro enterprises and small enterprises (Refer Note No. 45) | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 84.37 | 92.48 | 28.32 |
| **Total** | **84.37** | **92.48** | **28.32** |

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Note 12.** Debt Securities

INR **in lakhs**

| Particulars | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 01, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At Amortised Cost | At Fair Value Through profit and loss | Designated at fair value through profit or loss | Total | At Amortised Cost | At Fair Value Through profit and loss | Designated at fair value through profit or loss | Total | At Amortised Cost | At Fair Value Through profit and loss | Designated at fair value through profit or loss | Total |
| | 1 | 2 | 3 | (4)=(1)+(2)+(3) | 1 | 2 | 3 | (4)=(1)+(2)+(3) | 5 | 6 | 7 | (8)=(5)+(6)+(7) |
| **Debt Securities** | **17,553.43** | - | - | **17,553.43** | **5,000.00** | - | - | **5,000.00** | - | - | - | - |
| **Total (A)** | **17,553.43** | - | - | **17,553.43** | **5,000.00** | - | - | **5,000.00** | - | - | - | - |
| | | | | | | | | | | | | |
| Debt securities in India | 17,553.43 | - | - | **17,553.43** | 5,000.00 | - | - | **5,000.00** | - | - | - | - |
| Debt securities outside India | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total (B) to tally with Total (A)** | **17,553.43** | - | - | **17,553.43** | **5,000.00** | - | - | **5,000.00** | - | - | - | - |

| Particulars and Nature of Security | Rate of Interest | Repayment Schedule | Outstanding as on March 31, 2019 | Outstanding as on March 31, 2018 | Outstanding as on April 1, 2017 | Collateral value as on March 31, 2019 | Collateral value as on March 31, 2018 | Collateral value as on April 01, 2017 |
|---|---|---|---|---|---|---|---|---|
| The debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 17 Jul 2020 | Interest of 1 year MCLR + Spread | At Maturity | 10,000.00 | - | - | 11,000.00 | - | - |
| The debentures are secured by a first pari passu charge by way of hypothecation of 1.1 times of the book debts / loan receivables of the Company and are redeemable on 31 Jan 2020. | 9.49% p.a. | At Maturity | 5,000.00 | 5,000.00 | - | 5,500.00 | 5,500.00 | - |
| Commercial Papers are unsecured and are payable in 91 days on 7 Jun 2019. Maximum amount outstanding at any time during the year Rs. 6000 lakhs | 10.00% p.a | At Maturity | 2,553.43 | - | - | - | - | - |

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 13. Borrowings (other than Debt Securities)

INR in lakhs

| Particulars | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 01, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At Amortised Cost | At Fair Value Through profit and loss | Designated at fair value through profit or loss | Total | At Amortised Cost | At Fair Value Through profit and loss | Designated at fair value through profit or loss | Total | At Amortised Cost | At Fair Value Through profit and loss | Designated at fair value through profit or loss | Total |
| | 1 | 2 | 3 | (4)=(1)+(2)+(3) | 1 | 2 | 3 | (4)=(1)+(2)+(3) | 4 | 5 | 6 | (7)=(4)+(5)+(6) |
| Secured | | | | | | | | | | | | |
| (a) Term loans | | | | | | | | | | | | |
| (I) from banks | 26,500.00 | - | - | 26,500.00 | 6,600.00 | - | - | 6,600.00 | - | - | - | - |
| (ii) from other parties | - | - | - | - | 1,000.00 | - | - | 1,000.00 | - | - | - | - |
| (iii) Other loans (Cash credits from Banks) * | - | - | - | - | 9.02 | - | - | 9.02 | - | - | - | - |
| Total (A) | 26,500.00 | - | - | 26,500.00 | 7,609.02 | - | - | 7,609.02 | - | - | - | - |
| Borrowings in India | 26,500.00 | - | - | 26,500.00 | 7,609.02 | - | - | 7,609.02 | - | - | - | - |
| Borrowings outside India | - | - | - | - | - | - | - | - | - | - | - | - |
| Total (B) to tally with Total (A) | 26,500.00 | - | - | 26,500.00 | 7,609.02 | - | - | 7,609.02 | - | - | - | - |

| Particulars of Borrowings and Nature of Security | Rate of interest | Repayment Schedule | Outstanding as on March 31, 2019 | Outstanding as on March 31, 2018 | Outstanding as on April 1, 2017 | Collateral value as on March 31, 2019 | Collateral value as on March 31, 2018 | Collateral value as on April 01, 2017 |
|---|---|---|---|---|---|---|---|---|
| (i) From Banks | | | | | | | | |
| Term Loan from Kotak Mahindra Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of 1.25 times of book debts / loan receivable of the Company. | Interest of 6 months MCLR + Spread | To be repaid in 11 equal quarterly installments after moratorium period of 15 months | 5,000.00 | 3,500.00 | - | 6,250.00 | 4,375.00 | - |
| Term Loan from HDFC Bank Limited is taken for a tenure of 42 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company. | Interest of 1 year MCLR + Spread | To be repaid in 11 equal quarterly installments after moratorium period of 9 months | 2,500.00 | - | - | 3,000.00 | - | - |
| Term Loan from HDFC Bank Limited is taken for a tenure of 42 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company. | Interest of 1 year MCLR + Spread | To be repaid in 10 equal quarterly installments after moratorium period of 12 months | 2,500.00 | - | - | 3,000.00 | - | - |
| Term Loan from Catholic Syrian Bank is taken for a tenure of 60 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company. | Interest of 6 months MCLR + Spread | To be repaid in 16 equal quarterly installments after moratorium period of 12 months | 2,500.00 | - | - | 3,000.00 | - | - |
| Term Loan from IDFC Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company. | Interest of 3 months MCLR + Spread | To be repaid in 12 equal quarterly installments after moratorium period of 12 months | 5,000.00 | - | - | 6,000.00 | - | - |
| Term Loan from DCB Bank Limited is taken for a tenure of 60 months and is secured by a first pari passu charge by way of hypothecation of the the 1.25 times book debts / loan receivable of the Company. | Interest of 3 months MCLR + Spread | To be repaid in 13 equal quarterly installments after moratorium period of 15 months | 5,000.00 | 3,100.00 | - | 6,250.00 | 3,875.00 | - |
| Term Loan from Federal Bank Limited is taken for a tenure of 48 months and is secured by a first pari passu charge by way of hypothecation of the the 1.20 times book debts / loan receivable of the Company. | Interest of 6 months MCLR | To be repaid in 10 equal quarterly installments after moratorium period of 18 months | 4,000.00 | - | - | 4,800.00 | - | - |
| **(ii) From Others** | | | | | | | | |
| Term Loan from Aditya Birla Finance Limited is taken for a tenure of 60 months and is secured by a first pari passu charge by way of hypothecation of the book debts / loan receivable of the Company. | LTTR minus Spread | Principal Repayment as mentioned below<br>Year 1 - 3%<br>Year 2 - 4%<br>Year 3 - 31%<br>Year 4 - 31%<br>Year 5 - 31% | - | 1,000.00 | - | - | 1,000.00 | - |

* Cash Credit facility is secured against the receivables of the company and carry interest rate of one year MCLR + spread.

INR in lakhs

**Note 14. Other Financial Liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (a) Interest accrued but not due on borrowings | 815.05 | 76.43 | - |
| (b) Others | | | |
| - Payable to Related Parties (Refer Note No 37 ) | 227.71 | 600.39 | 443.60 |
| -Salary & Reimbursements, etc. | 923.67 | 421.39 | 84.91 |
| **Total** | **1,966.43** | **1,098.21** | **528.51** |

**Note 15. Current tax assets and liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| **Current tax assets** | | | |
| Advance Income Tax | - | 0.18 | - |
| | - | 0.18 | - |
| **Current tax liabilities** | | | |
| Income tax payable | 293.40 | 179.95 | 33.43 |
| **Net tax liabilities** | (293.40) | (179.77) | (33.43) |

**Note 16. Provisions**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (a) Provision for employee benefits | | | |
| Gratuity (Refer Note No 32) | 29.80 | 12.19 | 4.01 |
| Compensated absence | 17.00 | 8.44 | 4.87 |
| | **46.80** | **20.63** | **8.88** |
| **Total** | **46.80** | **20.63** | **8.88** |

**Note 17. Other Non Financial Liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (a) Revenue received in advance; | 102.25 | - | - |
| (b) Others | | | |
| - Statutory remittances (includes Provident Fund, Professional Tax, Tax Deducted at Source) | 183.10 | 77.85 | 54.72 |
| - Interest on deferred payment of taxes | 30.00 | 20.82 | - |
| **Total** | **315.35** | **98.67** | **54.72** |

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 18. Share Capital

INR in Lakhs

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount |
| **Authorised:** | | | | | | |
| Equity Shares of ₹ 1/- each | 5,25,00,00,000 | 52,500.00 | 5,25,00,00,000 | 52,500.00 | 2,36,00,00,000 | 23,600.00 |
| **Issued, Subscribed and Paid up:** | | | | | | |
| Equity Shares of ₹ 1/- each fully paid up (All the above shares are held by Avendus Capital Private Limited, the holding Company, together with its nominees) | 4,97,56,33,325 | 49,756.33 | 4,97,56,33,325 | 49,756.33 | 2,35,38,00,000 | 23,538.00 |
| Total | 4,97,56,33,325 | 49,756.33 | 4,97,56,33,325 | 49,756.33 | 2,35,38,00,000 | 23,538.00 |

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 | For the Year Ended March 31, 2019 | | For the Year Ended March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares | ₹ | Number of shares | ₹ |
| Shares outstanding at the beginning of the year | 4,97,56,33,325 | 49,756.33 | 2,35,38,00,000 | 23,538.00 |
| Add: Shares issued during the year | - | - | 2,62,18,33,325 | 26,218.33 |
| Shares outstanding at the end of the year | 4,97,56,33,325 | 49,756.33 | 4,97,56,33,325 | 49,756.33 |

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

| Name of Shareholder | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Avendus Capital Private Limited, the holding Company, together with its nominees | 4,97,56,33,325 | 100.00% | 4,97,56,33,325 | 100.00% | 2,35,38,00,000 | 100.00% |

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

Note 19. Other Equity

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Contribution from Holding Company** | | |
| Opening Balance | 68.20 | 9.50 |
| Additions | 387.86 | 58.70 |
| **Closing** | **456.06** | **68.20** |
| **Statutory Reserve** | | |
| Opening Balance | 506.48 | 50.91 |
| Transfer from retained earnings | 1,107.42 | 455.57 |
| **Closing** | **1,613.90** | **506.48** |
| **Securities Premium** | | |
| Opening Balance | 5,137.71 | |
| Premium on issue of shares | - | 5,137.71 |
| **Closing** | **5,137.71** | **5,137.71** |
| **General Reserve** | | |
| Opening Balance | 5.28 | 5.28 |
| **Closing** | **5.28** | **5.28** |
| **Retained Earnings** | | |
| Opening Balance | 2,111.30 | 166.24 |
| Profit for the year | 5,537.11 | 2,400.63 |
| Transfer to Statutory reserve | (1,107.42) | (455.57) |
| **Closing** | **6,540.99** | **2,111.30** |
| **Other comprehensive income** | | |
| Defined Benefit Plan | | |
| Opening Balance | (0.79) | - |
| Movement during the period | (1.18) | (1.11) |
| Income Tax on above | 0.57 | 0.32 |
| **Closing** | **(1.40)** | **(0.79)** |
| | **13,752.54** | **7,828.18** |

**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

Note 20. Interest income

INR in lakhs

| Particulars | Year Ended March 31, 2019 | | | | Year Ended March 31, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | On Financial Assets measured at fair value through OCI | On Financial Assets measured at Amortised Cost | On Financial Assets measured at fair value through profit or loss | Total | On Financial Assets measured at fair value through OCI | On Financial Assets measured at Amortised Cost | On Financial Assets measured at fair value through profit or loss | Total |
| Interest on Loans | - | 8,195.50 | 3,838.29 | 12,033.79 | - | 2,388.71 | 1,127.17 | 3,515.88 |
| Interest income from investments | - | - | 226.36 | 226.36 | - | - | 75.36 | 75.36 |
| Total | - | 8,195.50 | 4,064.65 | 12,260.15 | - | se | 1,202.53 | 1,202.54 |

Note 21. Net gain on fair value changes

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| (A) Net gain/ (loss) on financial instruments at fair value through profit and loss account :- | | |
| a) On trading portfolio | | |
| - Investments in mutual funds | 891.51 | 882.78 |
| - Investments in bonds and preference shares | 4.03 | 212.42 |
| - On Lending Portfolios | 355.17 | 528.83 |
| Total Net gain/(loss) on fair value changes B | 1,250.71 | 1,624.02 |
| Fair Value changes: | | |
| -Unrealised | 126.59 | 496.10 |
| -Realised | 1,124.11 | 1,127.93 |

Note 22. Other income

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| Interest on deposits with Banks | 87.38 | 0.29 |
| Other interest income | - | 0.42 |
| Miscellaneous Income | 0.49 | 8.25 |
| Total | 87.87 | 8.96 |

Note 23. Finance cost

| Particulars | Year Ended March 31, 2019 | | Year Ended March 31, 2018 | | |
|---|---|---|---|---|---|
| | On Financial Liabilities measured at fair value through profit or losss | On Financial Liabilities measured at Amortised Cost | On Financial Liabilities measured at fair value through profit or losss | | On Financial Liabilities measured at Amortised Cost |
| Interest on borrowings | - | 1,871.16 | - | | 31.33 |
| Interest on debt securities | - | 1,475.28 | - | | 75.40 |
| Total | - | 3,346.44 | - | | 106.73 |

Note 24. **Impairment** losses on financial instruments

INR in lakhs

| Particulars | Year Ended March 31, 2019 | | Year Ended March 31, 2018 | |
|---|---|---|---|---|
| | On Financial instruments measured at fair value through OCI | On Financial instruments measured at Amortised Cost | On Financial instruments measured at fair value through OCI | On Financial instruments measured at Amortised Cost |
| On Loans | - | 269.58 | - | 14.28 |
| Total | - | 269.58 | - | 14.28 |

Note 25. **Employee** benefits

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| Salaries and wages including bonus | 2,183.33 | 1,392.70 |
| Contribution to provident and other funds | 52.89 | 27.35 |
| Share Based Payments to employees | 387.86 | 58.70 |
| Staff welfare expenses | 46.47 | 15.43 |
| Gratuity (Refer note 32) | 15.64 | 7.07 |
| Compensated Absences | 8.56 | 3.57 |
| Total | 2,694.74 | 1,504.82 |

26. **Depreciation** and amortisation **expense**

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment pertaining to continuing operations | 8.82 | 4.62 |
| Depreciation of investment property | - | - |
| Amortisation of intangible assets | - | - |
| Total depreciation and amortisation expense | 8.82 | 4.62 |

Note 27. Other expenses

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| Rent and energy costs | 58.96 | 207.37 |
| Rates and Taxes | 160.53 | 70.80 |
| Repairs and maintenance | 71.86 | 17.99 |
| Communication Costs | 1.59 | 2.79 |
| Printing and stationery | 8.53 | 3.43 |
| Director's fees, allowances and expenses | 13.25 | 9.75 |
| Auditor's fees and expenses (Refer note below) | 13.60 | 13.65 |
| Legal and Professional charges | 453.36 | 332.65 |
| Insurance | 8.49 | 2.54 |
| Travelling and Conveyance | 40.74 | 35.50 |
| Membership fees and Subscription | 19.78 | 1.90 |
| Corporate Social Responsibility Expenses | 20.00 | - |
| Miscellaneous Expenses | 67.72 | 102.91 |
| Total | 938.42 | 801.28 |

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

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|
| a) For audit | 10.00 | 7.00 |
| b) For taxation matters | 2.00 | 1.25 |
| c) For company law matters | - | - |
| d) For other services | 1.60 | 5.40 |
| e) For reimbursement of expenses | - | - |
| Total | 13.60 | 13.65 |

Note 28 INR in lakhs

Tax expense (A)

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

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 2,330.00 | 939.18 |
| | 2,330.00 | 939.18 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | 12.30 | (9.97) |
| | 12.30 | (9.97) |
| **Tax expense for the year** | 2,342.30 | 929.21 |

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

| Particulars | Year ended 31 March 2019 | | | Year ended 31 March 2018 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) | Net of tax | Before tax | Tax (expense) | Net of tax |
| **Items that will not be reclassified to Statement of Profit and Loss** | | | | | | |
| Remeasurements of the defined benefit plans | (1.97) | 0.57 | (1.40) | (1.11) | 0.32 | (0.79) |
| | (1.97) | 0.57 | (1.40) | (1.11) | 0.32 | (0.79) |

**(c) Reconciliation of effective tax rate**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Profit before tax | 7,879.41 | 3,329.84 |
| Company's domestic tax rate | 29.120% | 28.840% |
| **Tax using the Company's statutory tax rate** | 2,294.48 | 960.33 |
| **Tax effect of:** | | |
| Expenses not allowed under tax | 6.09 | 22.94 |
| Income not subject to tax | - | (55.23) |
| Change in tax rate | 9.09 | - |
| Others | 32.64 | 1.17 |
| **Total tax expense** | 2,342.30 | 929.21 |
| **Tax expense as per profit and loss** | 2,342.30 | 929.21 |

Note 28

Tax expense *(Continued)*

**(d) Movement in deferred tax balances**

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

INR in lakhs

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

**Movement in deferred tax balances for the year ended 31 March 2018**

| Particulars | Net balance 1 April 2017 | Recognised in profit or loss credit/(charge) | Recognised in OCI | Net balance 31 March 2018 |
|---|---|---|---|---|
| Difference between carrying amount and tax base of fixed assets | (0.39) | (0.29) | - | (0.68) |
| Provision for Gratuity | 1.39 | 1.80 | 0.32 | 3.51 |
| Provision for Leave encashment | 1.68 | 0.78 | - | 2.46 |
| Fair valuation of mutual funds and debt securities | (9.86) | 9.43 | - | (0.43) |
| Loans | 12.98 | (1.74) | - | 11.24 |
| **Deferred tax asset/(liabilities)** | **5.80** | **9.98** | **0.32** | **16.10** |

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

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

Note 29

Earnings per share (EPS)

INR in lakhs

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| 1 **Profit attributable to ordinary shareholders** | | |
| Profit for the year, attributable to ordinary shareholders | 5,537.11 | 2,400.63 |
| 2 **Calculation of weighted average number of equity shares - Basic** | | |
| Number of shares at the beginning of the year | 4,97,56,33,325 | 87,04,30,137 |
| **Weighted average number of equity shares for the year** | 4,97,56,33,325 | 3,53,57,74,884 |
| 3 **Calculation of weighted average number of equity shares - Diluted** | | |
| Number of shares at the beginning of the year | 4,97,56,33,325 | 87,04,30,137 |
| **Weighted average number of equity shares for the year** | 4,97,56,33,325 | 3,53,57,74,884 |
| 4 **Earning per share** | | |
| Basic (Rs.) | 0.11 | 0.07 |
| Diluted (Rs.) | 0.11 | 0.07 |
| 5 **Nominal value of shares (Rs.)** | 1.00 | 1.00 |

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

Note 30
Segment Information
The Company's business is organised into two segments namely - "Lending Activities and Fee based services" and "Treasury and Investment activities". The Lending activities include financing against securities, securitisation, debenture investment, and other loans / fee based services. The Treasury and Investments activities includes investment of funds in Bonds and Mutual Funds.
The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on financial information on a periodic basis.

For the purpose of reporting under Indian Accounting Standard (Ind AS 108) "Segment Reporting", disclosure of segments are given below:

Segment information: INR in Lakhs

| Particulars | | For the year ended March 31, 2019 | | |
|---|---|---|---|---|
| | | Business segments | | |
| | | Lending Activities and Fee based services | Treasury and Investments Activities | Total |
| **Segment Revenue** | | | | |
| Income from external customers | March 31, 2019 | 13,927.64 | 1,209.28 | 15,136.92 |
| | March 31, 2018 | 4,590.30 | 1,170.85 | 5,761.15 |
| Total Revenue | March 31, 2019 | 13,927.64 | 1,209.28 | 15,136.92 |
| | March 31, 2018 | 4,590.30 | 1,170.85 | 5,761.15 |
| Segment result | March 31, 2019 | 6,922.14 | 956.78 | 7,878.92 |
| | March 31, 2018 | 1,930.25 | 1,399.59 | 3,329.84 |
| Unallocable income | March 31, 2019 | | | 0.49 |
| | March 31, 2018 | | | 0.42 |
| Interest Income | March 31, 2019 | 12,033.79 | | 12,033.79 |
| | March 31, 2018 | 3,515.88 | | 3,515.88 |
| Interest Expense | March 31, 2019 | 3,346.44 | | 3,346.44 |
| | March 31, 2018 | 106.73 | | 106.73 |
| Revenue in India | March 31, 2019 | 13,927.64 | 1,209.28 | 15,136.92 |
| | March 31, 2018 | 4,590.30 | 1,170.85 | 5,761.15 |
| Revenue outside India | March 31, 2019 | | | |
| | March 31, 2018 | | | |
| Profit before taxes | March 31, 2019 | | | 7,879.41 |
| | March 31, 2018 | | | 3,330.26 |
| Tax expense | March 31, 2019 | | | 2,342.30 |
| | March 31, 2018 | | | 929.21 |
| Net profit for the year | March 31, 2019 | | | 5,537.11 |
| | March 31, 2018 | | | 2,401.05 |

| Particulars | | For the year ended March 31, 2019 | | |
|---|---|---|---|---|
| | | Business segments | | |
| | | Lending Activities and Fee based services | Treasury and Investments Activities | Total |
| **Other Information** | | | | |
| Carrying amount of segment assets | March 31, 2019 | 91,088.05 | 18,417.45 | 1,09,505.50 |
| | March 31, 2018 | 59,594.96 | 8,191.87 | 67,786.83 |
| | April 1, 2017 | 11,207.46 | 12,233.51 | 23,440.97 |
| Unallocated corporate assets | March 31, 2019 | | | 763.16 |
| | March 31, 2018 | | | 3,896.46 |
| | April 1, 2017 | | | 982.82 |
| Total assets | March 31, 2019 | | | 1,10,268.66 |
| | March 31, 2018 | | | 71,683.29 |
| | April 1, 2017 | | | 24,423.79 |
| Carrying amount of segment liabilities | March 31, 2019 | 46,150.91 | 102.59 | 46,253.50 |
| | March 31, 2018 | 13,754.77 | 65.79 | 13,820.56 |
| | April 1, 2017 | 388.24 | 177.61 | 565.85 |
| Unallocated corporate Liabilities | March 31, 2019 | | | 506.50 |
| | March 31, 2018 | | | 278.44 |
| | April 1, 2017 | | | 88.15 |
| Total liabilities | March 31, 2019 | | | 46,760.00 |
| | March 31, 2018 | | | 14,099.00 |
| | April 1, 2017 | | | 654.00 |
| Capital expenditure | March 31, 2019 | 16.04 | | 16.04 |
| | March 31, 2018 | 11.83 | | 11.83 |
| Depreciation and amortisation | March 31, 2019 | 8.82 | | 8.82 |
| | March 31, 2018 | 4.62 | | 4.62 |
| Corporate Assets in India | March 31, 2019 | 91,088.05 | 18,417.45 | 1,09,505.50 |
| | March 31, 2018 | 59,594.96 | 8,191.87 | 67,786.83 |
| | April 1, 2017 | 11,207.46 | 12,233.51 | 23,440.97 |
| Corporate Assets outside India | March 31, 2019 | | | |
| | March 31, 2018 | | | |
| | April 1, 2017 | | | |

Note:
**Major Customer**
The revenue from major customers of the Company contributed Rs. 2,074.94 Lakhs (March 31, 2018 : Rs. 1,349.71 Lakhs)
Revenue has been identified to a segment on the basis of relationship to operating activities of the segment. Revenue which relates to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Unallocable"
Segment Assets and Segment liabilities represent the assets and liabilities in respective segment. Segment Assets and Segment liabilities which relates to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Unallocable"
The Company does not have a secondary segment. Accordingly, disclosures required under Ind AS 108 are not applicable.

DELOITTE HASKINS & SELLS LLP MUMBAI

Note 31
**Financial instruments - Fair values and risk management**

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

INR in lakhs

| As at March 31, 2019 | Carrying Amount | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars | Amortised Cost | FVTPL | FVOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| (i) Cash and cash equivalents | 703.48 | - | - | 703.48 | - | - | - | - |
| (ii) Receivables | 754.17 | - | - | 754.17 | - | - | - | - |
| (iii) Loans | 71,201.51 | 18,683.77 | - | 89,885.28 | - | - | 93,395.34 | 93,395.34 |
| (iv) Investments | | 18,417.45 | - | 18,417.45 | 13,735.38 | 4,682.07 | - | 18,417.45 |
| (v) Others | 379.06 | - | - | 379.06 | - | - | - | - |
| | 73,038.23 | 37,101.22 | - | 1,10,139.44 | 13,735.38 | 4,682.07 | 93,395.34 | 1,11,812.79 |
| **Financial liabilities** | | | | | | | | |
| (i) Payables | 84.37 | - | - | 84.37 | - | - | - | - |
| (ii) Debt Securities | 17,553.43 | - | - | 17,553.43 | - | - | 17,405.88 | 17,405.88 |
| (iii) Borrowings (other than debt securities) | 26,500.00 | - | - | 26,500.00 | - | - | 25,868.31 | 25,868.31 |
| (iv) Others | 1,966.43 | - | - | 1,966.43 | - | - | - | - |
| | 46,104.23 | - | - | 46,104.23 | - | - | 43,274.19 | 43,274.19 |

| As at March 31, 2018 | Carrying Amount | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars | Amortised Cost | FVTPL | FVOCI | Total carrying value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| (i) Cash and cash equivalents | 1,380.36 | - | - | 1,380.36 | - | - | - | - |
| (ii) Bank Balance other than Cash and cash equivalents | 2,300.00 | - | - | 2,300.00 | - | - | - | - |
| (iii) Receivables | 542.11 | - | - | 542.11 | - | - | - | - |
| (iv) Loans | 47,250.18 | 13,845.99 | - | 61,096.17 | - | - | 66,143.82 | 66,143.82 |
| (v) Investments | | 3,025.07 | - | 3,025.07 | 454.03 | 2,571.04 | - | 3,025.07 |
| (vi) Others | 3,100.56 | - | - | 3,100.56 | - | - | - | - |
| | 54,573.21 | 16,871.06 | - | 71,444.29 | 454.03 | 2,571.04 | 66,143.82 | 69,168.89 |
| **Financial liabilities** | | | | | | | | |
| (i) Payables | 92.48 | - | - | 92.48 | - | - | - | - |
| (ii) Debt Securities | 5,000.00 | - | - | 5,000.00 | - | - | 4,920.41 | 4,920.41 |
| (iii) Borrowings (other than debt securities) | 7,609.02 | - | - | 7,609.02 | - | - | 7,668.28 | 7,668.28 |
| (iv) Others | 1,098.21 | - | - | 1,098.21 | - | - | - | - |
| | 13,799.71 | - | - | 13,799.71 | - | - | 12,588.69 | 12,588.69 |

| As at April 1, 2017 | Carrying Amount | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars | Amortised Cost | FVTPL | FVOCI | Total carrying value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| (i) Cash and cash equivalents | 977.02 | - | - | 977.02 | - | - | - | - |
| (ii) Receivables | 157.50 | - | - | 157.50 | - | - | - | - |
| (iii) Loans | 3,674.53 | 7,328.03 | - | 11,002.58 | - | - | 11,002.58 | 11,002.58 |
| (iv) Investments | - | 12,101.61 | - | 12,101.61 | 8,036.80 | 4,064.81 | - | 12,101.61 |
| (v) Others | 132.20 | - | - | 132.20 | - | - | - | - |
| | 4,941.27 | 19,429.64 | - | 24,370.91 | 8,036.80 | 4,064.81 | 11,002.58 | 23,104.19 |
| **Financial liabilities** | | | | | | | | |
| (i) Payables | 28.32 | - | - | 28.32 | - | - | - | - |
| (ii) Others | 228.51 | - | - | 228.51 | - | - | - | - |
| | 256.83 | - | - | 256.83 | - | - | - | - |

Notes:
a. Out of the above, for cash and cash equivalents, other bank balances, trade receivables, trade payables, other financial assets and other financial liabilities, fair values are not given as their carrying amount is a reasonable approximation of fair value

b. 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 following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used

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

**B. Financial risk management**

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

**i. Risk management framework**

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

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

**ii. Credit risk**

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

**a. Trade receivables and Loans given**

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

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

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

| Particulars | Gross carrying amount as at 31 March 2019 | 31 March 2018 | 1 April 2017 |
|---|---|---|---|
| Not past due | - | - | - |
| Past due 1-180 days | 741.47 | 542.11 | 157.50 |
| More than 180 days | 12.70 | - | - |
| | 754.17 | 542.11 | 157.50 |

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

| Particulars | 31 March 2019 | | Carrying amount as at 31 March 2018 | | 1 April 2017 | |
|---|---|---|---|---|---|---|
| | Individual | Collective | Individual | Collective | Individual | Collective |
| Opening Balance of Loan | 47268.60 | - | 3678.69 | - | 3678.69 | - |
| Add :- Disbursement of Loan | 69069.46 | 3,351.15 | 50120.19 | - | - | - |
| Less :- Repayment of Loan | 46337.30 | - | 6530.28 | - | - | - |
| Closing Balance of Loan | 68138.36 | 3,351.15 | 47268.60 | - | 3678.69 | - |
| Less :- Impairment | 274.60 | 13.40 | 18.42 | - | 4.14 | - |
| Net Loans | 67,863.76 | 3,337.75 | 47,250.18 | - | 3,674.55 | - |

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

| | 31 March 2019 | 31 March 2018 |
|---|---|---|
| **Opening Balance** | 18.42 | 4.14 |
| Add: Provisions made during the year on disbursements | 269.93 | 14.28 |
| Less : Write-off / write-back of excess provisions during the year | 0.35 | - |
| **Closing Balance** | 288.00 | 18.42 |

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

The Company held cash and cash equivalents and other bank balances of Rs. 703.48 lakhs at 31 March 2019 (31 March 2018: Rs. 3,880.36 lakhs, 1 April 2017: Rs. 977.02 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

DELOITTE HASKINS & SELLS LLP MUMBAI

**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.

| | | Contractual Cashflows | | | |
|---|---|---|---|---|---|
| 31 March 2019 | Gross carrying amount | Total | Up to 1 Year | 1 - 5 Years | More than 5 Years |
| **Non derivative financial liabilities** | | | | | |
| Payables | 84.37 | 79.81 | 79.81 | - | - |
| Debt Securities | 18,330.20 | 19,245.82 | 8,952.67 | 10,293.15 | - |
| Borrowings (Other than debt securities) | 26,538.28 | 32,918.87 | 7,791.26 | 24,727.61 | - |
| Other financial liabilities | 1,151.38 | 1,151.38 | 1,151.38 | - | - |
| Total | 46,104.23 | 52,995.88 | 17,975.12 | 35,020.76 | - |

| | | Contractual Cashflows | | | |
|---|---|---|---|---|---|
| 31 March 2018 | Gross carrying amount | Total | Up to 1 Year | 1 - 5 Years | More than 5 Years |
| **Non derivative financial liabilities** | | | | | |
| Payables | 92.48 | 92.48 | 92.48 | - | - |
| Debt Securities | 5,075.40 | 5,871.00 | 474.50 | 5,396.50 | - |
| Borrowings (Other than debt securities) | 7,610.05 | 9,315.68 | 568.34 | 8,747.34 | - |
| Other financial liabilities | 1,021.78 | 1,021.78 | 1,021.78 | - | - |
| Total | 13,799.71 | 16,300.94 | 2,157.10 | 14,143.84 | - |

| | | Contractual Cashflows | | | |
|---|---|---|---|---|---|
| 1 April 2017 | Gross carrying amount | Total | Up to 1 Year | 1 - 5 Years | More than 5 Years |
| **Non derivative financial liabilities** | | | | | |
| Payables | 28.32 | 28.32 | 28.32 | - | - |
| Other financial liabilities | 528.51 | 528.51 | 528.51 | - | - |
| Total | 556.83 | 556.83 | 556.83 | - | - |

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

**iv. Market risk**

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

**a. Currency risk**

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

The Company does not have any exposure in any foreign currency as on 31st March 2019 (31st March 2018 - Nil, 1st April 2017 - Nil)

**b. Interest rate risk**

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

The management is responsible for the monitoring of the Company's interest rate position. Various variables are considered by the management in structuring the Company's borrowings to achieve a reasonable, competitive, cost of funding.
The interest rate profile of the Company's interest-bearing financial instruments as is as follows:

INR in lakhs

| Particulars | 31 March 2019 | 31 March 2018 | 1 April 2017 |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| Financial assets | 27,634.44 | 47,268.60 | 3,678.69 |
| Financial liabilities | 7,553.43 | 5,000.00 | - |
| | 20,081.01 | 42,268.60 | 3,678.69 |
| **Variable rate instruments** | | | |
| Financial assets | 43,855.07 | - | - |
| Financial liabilities | 36,538.28 | 7,609.02 | - |
| | 7,316.79 | (7,609.02) | - |

**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, in particular foreign currency exchange rates, remain constant. This calculation also assumes that the change occurs at the reporting date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the period.

| Particulars | Profit or (Loss) | |
|---|---|---|
| | 100 bps increase | 100 bps decrease |
| **31 March 2019** | | |
| Variable rate instruments | 73.17 | (73.17) |
| Cash flow sensitivity | 73.17 | (73.17) |
| **31 March 2018** | | |
| Variable rate instruments | (76.09) | 76.09 |
| Cash flow sensitivity | (76.09) | 76.09 |

**Level 3 fair values**

Reconciliation of Level 3 fair values

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

| Particulars | Loans |
|---|---|
| Opening Balance April 1, 2017 | 7,326.03 |
| Net change in fair value | 528.83 |
| Purchases | 6,100.00 |
| Repayments | (110.87) |
| **Closing Balance (March 31,2018)** | 13,845.99 |
| | |
| Opening Balance April 1, 2018 | 13,845.99 |
| Net change in fair value | 355.17 |
| Purchases | 4,482.61 |
| Repayments | |
| **Closing Balance (March 31, 2019)** | 18,683.77 |

**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.

| | March 31, 2019 | March 31, 2018 | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|
| | Assumptions | | Profit or loss | | Profit or loss | |
| **Significant unobservable inputs** | | | Increase | Decrease | Increase | Decrease |
| Discount rate | 22% | 20% | 28.40 | (27.40) | 18.20 | (17.60) |

Note 32

**Employee benefits** INR in lakhs

**A. Defined Contribution Plans**

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

Amount of Rs 52.89 lakhs (March 31, 2018: Rs 27.35 lakhs) is recognised as an expense and included in "Employee benefits" (refer note.25) in the Statement of Profit and Loss.

**B. Defined Benefit Plans**

**Gratuity**

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

The Company does not have a fund plan for gratuity liability

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

**i. Reconciliation of present value of defined benefit obligation**

| | 31 March 2019 | 31 March 2018 | 1 April 2017 |
|---|---|---|---|
| Defined benefit obligation at the beginning of the year | 12.19 | 4.01 | 0.52 |
| Current service cost | 14.72 | 6.78 | 1.62 |
| Past service cost | - | - | - |
| Interest cost | 0.92 | 0.29 | 0.04 |
| Liability Transferred (Out)/ (Divestments) | - | - | - |
| Liability Transferred In/ Acquisitions | - | - | - |
| Actuarial (gains) / losses recognised in Other Comprehensive Income | - | - | - |
| arising from changes in financial assumptions | 0.28 | (0.62) | 0.20 |
| arising from changes in demographic assumptions | - | - | - |
| arising on account of experience changes | 1.69 | 1.73 | 1.63 |
| Benefits paid directly by the company | - | - | - |
| **Defined benefit obligation at the end of the year** | **29.80** | **12.19** | **4.01** |

**ii. Amount recognised in Balance**

| | 31 March 2019 | 31 March 2018 | 1 April 2017 |
|---|---|---|---|
| Defined benefit obligation | (29.80) | (12.19) | (4.01) |
| Fair value of plan assets | - | - | - |
| **Net defined benefit (obligation)/assets** | **(29.80)** | **(12.19)** | **(4.01)** |

**iii. Expense recognised in the Statement of Profit and Loss**

| | 31 March 2019 | 31 March 2018 |
|---|---|---|
| **(i) Expense recognised in the Statement of Profit and Loss** | | |
| Current service cost | 14.72 | 6.78 |
| Past service cost | - | - |
| Interest cost | 0.92 | 0.29 |
| | 15.64 | 7.07 |
| **(ii) Expense recognised in the Other comprehensive income** | | |
| Actuarial (gains) losses on defined benefit obligations | | |
| - arising from changes in financial assumptions | 0.28 | (0.62) |
| - arising from changes in demographic assumptions | - | - |
| - arising on account of experience changes | 1.69 | 1.73 |
| | 1.97 | 1.11 |

**iv. Actuarial assumptions**

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

| | 31 March 2019 | 31 March 2018 | 1 April 2017 |
|---|---|---|---|
| **Financial assumptions** | | | |
| Discount rate | 7.47% | 7.56% | 7.12% |
| Salary escalation | 10.00% | 10.00% | 10.00% |
| Employee turnover | 8.00% | 8.00% | 8.00% |

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

Assumptions regarding future mortality are based on published Statistics & Mortality tables. The calculation of death benefit obligation is sensitive to the mortality assumptions.

The Company expects Rs 23.40 lakhs in contribution to be paid to its defined benefit plan in the next year

v. Sensitivity analysis

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

| | 31 March 2019 | 31 March 2018 | 1 April 2017 |
|---|---|---|---|
| **Quantitative sensitivity analysis for significant assumptions is as below:** | | | |
| (Increase)/decrease on present value of defined benefit obligation at the end of the year | | | |
| (i) One percent point increase in discount rate | (2.93) | (1.27) | (0.44) |
| (ii) One percent point decrease in discount rate | 3.40 | 1.48 | 0.52 |
| (iii) One percent point increase in rate of salary increase | 3.28 | 1.43 | 0.50 |
| (iv) One percent point decrease in rate of salary increase | (2.89) | (1.25) | (0.43) |
| (iii) One percent point increase in employee turnover | (1.36) | (0.63) | (0.24) |
| (iv) One percent point decrease in employee turnover | 1.45 | 0.67 | 0.26 |

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

| Projected Benefits Payable in Future Years From the Date of Reporting | 31 March 2019 | 31 March 2018 |
|---|---|---|
| 1st Following Year | 0.07 | 0.03 |
| 2nd Following Year | 0.08 | 0.03 |
| 3rd Following Year | 0.63 | 0.03 |
| 4th Following Year | 1.66 | 0.45 |
| 5th Following Year | 2.52 | 0.95 |
| Sum of Years 6 To 10 | 21.43 | 5.72 |
| Sum of Years 11 and above | 49.61 | 26.13 |

Note 33
**Capital management**

INR in lakhs

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 2019 | 31 March 2018 | 1 April 2017 |
|---|---|---|---|
| Debt securities | 17,553.43 | 5,000.00 | - |
| Borrowings (Other than Debt Securities) | 26,500.00 | 7,609.02 | - |
| Other Financial Liabilities | 1,966.43 | 1,098.21 | 528.51 |
| **Gross debt** | 46,019.86 | 13,707.23 | 528.51 |
| Less - Cash, cash equivalents & Other bank balances | 703.48 | 3,880.36 | 977.02 |
| **Adjusted net debt** | 45,316.38 | 9,826.87 | -448.51 |
| **Total equity** | 63,508.88 | 57,584.51 | 23,769.93 |
| **Adjusted net debt to equity ratio** | 0.71 | 0.17 | (0.02) |

Note 34
**Other commitments**

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

Note 35
**Corporate Social responsibility**

a) Gross amount required to be spent by the Company during the year for Corporate Social Responsibility (CSR) :- Rs.27.06 lakhs; (Previous year Rs. Nil)
b) Following are the details of amount spent during the year for CSR:

| Particulars | For the year ended March 31, 2019 | | |
|---|---|---|---|
| | Amount Spent | Amount unpaid | Total |
| i. Construction / acquisition of any asset | - | - | - |
| ii. On purpose other than (i) above | 20.00 | - | 20.00 |

DELOITTE HASKINS & SELLS LLP MUMBAI

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 36

EMPLOYEE STOCK COMPENSATION :

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

(ii) The holding company had reserved a total of 73,331 equity shares of the holding Company (March 31, 2018: 10,756 equity shares) for issuance under ESOP 2016, ESOP 2018 I & ESOP 2018 II. The details of the plans for ESOPs are as follows:

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

| Type of Arrangement | ESOP 2016 | | | | |
|---|---|---|---|---|---|
| | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
| Grant Date | 23 December 2016 | 29 May 2017 | 29 May 2017 | 29 May 2017 | 29 May 2017 |
| No. of Options granted | 5,685 | 1,522 | 760 | 1,268 | 1,521 |
| Exercise Price (Rs.) | 4,222.00 | 3,893.00 | 3,893.00 | 3,893.00 | 3,893.00 |
| Contractual Life | Upto 4 years | 4 years | 4.53 years | 5.53 years | 6.53 years |
| Vesting Period | Over a period of 1 year from the date of grant | Over a period of 1 year from the date of grant | Over a period of 1.53 years from the date of grant | Over a period of 2.53 years from the date of grant | Over a period of 3.53 years from the date of grant |
| Weighted average remaining contractual life | Vested | 2.16 Years | 2.69 Years | 3.69 Years | 4.69 years |
| Method of Settlement | Equity | Equity | Equity | Equity | Equity |
| Fair Value of the option (Rs.) | 648.30 | 1,246.22 | 1,453.74 | 1,589.60 | 1,702.46 |

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

| Particulars | ESOP 2016 | |
|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 |
| Opening Balance | 10,756 | 10,756 |
| Granted during the year | NIL | NIL |
| Exercised during the year | 5692 | 0 |
| Cancelled/ lapsed during the year | NIL | 0 |
| Forfeited during the year | NIL | 0 |
| Closing Balance | 5,064 | 10,756 |

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

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

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

| Type of Arrangement | ESOP 2018 I | | | | |
|---|---|---|---|---|---|
| | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
| Grant Date | 30 June 2018 | 30 June 2018 | 30 June 2018 | 30 June 2018 | 30 June 2018 |
| No. of Options granted | 5,366 | 3,616 | 18,056 | 19,139 | 4,208 |
| Exercise Price | 4994.42 | 4994.42 | 4994.42 | 4994.42 | 4994.42 |
| Contractual Life | 3.25 years | 4.25 years | 5.25 years | 6.26 years | 7.26 years |
| Vesting Period | Over a period of 1 year from the date of grant | Over a period of 1.50 - 1.60 years from the date of grant | Over a period of 1 - 2.61 years from the date of grant | Over a period of 2.75 - 3.75 years from the date of grant | Over a period of 3.75 - 4.61 years from the date of grant |
| Weighted average remaining contractual life | 2.50 years | 3.50 years | 4.50 years | 5.51 years | 6.51 years |
| Method of Settlement | Equity | Equity | Equity | Equity | Equity |
| Fair Value of the option (Rs.) | 1,198.48 | 1,489.46 | 1,734.47 | 1,940.18 | 2,112.60 |

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

| Particulars | ESOP 2018 I | |
|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 |
| Opening Balance | NIL | NIL |
| Granted during the year | 50,385 | NIL |
| Exercised during the year | NIL | NIL |
| Cancelled/ lapsed during the year | NIL | NIL |
| Forfeited during the year | NIL | NIL |
| Closing Balance | 50,385 | NIL |

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

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

| Type of Arrangement | ESOP 2018 II | | | |
|---|---|---|---|---|
| | Tranche I | Tranche II | Tranche III | Tranche IV |
| Grant Date | 28 September 2018 | 28 September 2018 | 28 September 2018 | 28 September 2018 |
| No. of Options granted | 1,876 | 3,438 | 3,438 | 3,438 |
| Exercise Price | 4994.42 | 4994.42 | 4994.42 | 4994.42 |
| Contractual Life | 5 years | 5.01 years | 6.01 years | 7.01 years |
| Vesting Period | Over a period of 1 year from the date of grant | Over a period of 1.51 years from the date of grant | Over a period of 2.51 years from the date of grant | Over a period of 3.51 years from the date of grant |
| Weighted average remaining contractual life | 4.50 years | 4.50 years | 5.51 years | 6.51 years |
| Method of Settlement | Equity | Equity | Equity | Equity |
| Fair Value of the option (Rs.) | 1,329.44 | 1,595.53 | 1,820.76 | 2,006.50 |

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

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

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

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

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

## 37 RELATED PARTY TRANSACTIONS

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

| Sr. | Description of relationship | Names of related parties |
|---|---|---|
| 1 | Holding Company | Avendus Capital Private Limited |
| 2 | Fellow Subsidiary | Avendus Wealth Management Private Limited |
| 3 | Fellow Subsidiary | Avendus PE Investment Advisors Private Limited |
| 4 | Fellow Subsidiary | Avendus Capital Alternate Strategies Private Limited |
| 5 | Key Managerial Personnel | Sandeep Thapliyal- Managing Director & CEO |
| 6 | Key Managerial Personnel | George Mitra - Whole Time Director |
| 7 | Key Managerial Personnel | Kaushal Kumar Aggarwal - Director |
| 8 | Key Managerial Personnel | Ranu Vohra - Director |
| 9 | Key Managerial Personnel | Pijush Sinha - Director |
| 10 | Key Managerial Personnel | Suresh Shankar Menon - Independent Director |
| 11 | Key Managerial Personnel | Nikhilesh Panchal - Independent Director (resigned w.e.f 30th March 2019) |
| 12 | Key Managerial Personnel | Parimal Deuskar - Company Secretary |

INR in lakhs

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

| Particulars | Avendus Capital Private Limited | Avendus Wealth Management Private Limited | Avendus PE Investment Advisors Private Limited | Avendus Capital Alternate Strategies Private Limited | Key Managerial Personnel | Total |
|---|---|---|---|---|---|---|
| Transactions during the year | | | | | | |
| **Remuneration Paid *** | | | | | | |
| Mar-19 | - | - | - | - | 547.31 | 547.31 |
| Mar-18 | - | - | - | - | 512.00 | 512.00 |
| **Issue of Equity Shares including premium - Rights issue** | | | | | | |
| Mar-19 | - | - | - | - | - | - |
| Mar-18 | 31,462.00 | - | - | - | - | 31,462.00 |
| **Loan Repaid** | | | | | | |
| Mar-19 | - | - | - | - | - | - |
| Mar-18 | - | - | - | - | - | - |
| **Sale of Investments** | | | | | | |
| Mar-19 | - | - | - | - | - | - |
| Mar-18 | (110.87) | - | - | - | - | (110.87) |
| **Purchase of Investments** | | | | | | |
| Mar-19 | 332.61 | - | - | - | - | 332.61 |
| Mar-18 | - | - | - | - | - | - |
| **Reimbursement of Expenses - Expense** | | | | | | |
| Mar-19 | 655.00 | - | - | 0.11 | - | 655.11 |
| Mar-18 | 600.00 | - | - | - | - | 600.00 |
| **Consultancy Fees- Expenses** | | | | | | |
| Mar-19 | - | 248.49 | - | - | - | 248.49 |
| Mar-18 | - | 220.97 | - | - | - | 220.97 |
| **Advisory Fees** | | | | | | |
| Mar-19 | - | - | 16.54 | - | - | 16.54 |
| Mar-18 | - | - | 8.27 | - | - | 8.27 |
| **Balances outstanding at the end of the year** | | | | | | |
| **Creditors - Reimbursement** | | | | | | |
| Mar-19 | 125.00 | 102.60 | - | 0.11 | - | 227.71 |
| Mar-18 | 534.60 | 65.79 | - | - | - | 600.39 |
| Mar-17 | 266.00 | 177.60 | - | - | - | 443.60 |
| **Receivables** | | | | | | |
| Mar-19 | - | - | 24.81 | - | - | 24.81 |
| Mar-18 | - | - | 8.27 | - | - | 8.27 |
| Mar-17 | - | - | - | - | - | - |

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

Note:

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

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

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**38. Maturity Analysis of Assets and Liabilities**

INR In lakhs

| | | 31-Mar-19 | | | 31-Mar-18 | | | 01-Apr-17 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | Within 12 month | After 12 Months | Total | Within 12 month | After 12 Months | Total | Within 12 month | After 12 Months | Total |
| (1) | **Financial Assets** | | | | | | | | | |
| (a) | Cash and cash equivalents | 703.48 | - | 703.48 | 1,380.96 | - | 1,380.96 | 977.02 | - | 977.02 |
| (b) | Bank Balance other than (a) above | - | - | - | 2,500.00 | - | 2,500.00 | - | - | - |
| (c) | Receivables | | | | | | | | | |
| | (i) Trade Receivables | 754.17 | - | 754.17 | 542.11 | - | 542.11 | 157.50 | - | 157.50 |
| (d) | Loans | 17,127.56 | 72,757.72 | 89,885.28 | 7,103.54 | 53,992.63 | 61,096.17 | 1,325.67 | 9,676.91 | 11,002.58 |
| (e) | Investments | 18,417.45 | - | 18,417.45 | 3,025.07 | - | 3,025.07 | 12,101.61 | - | 12,101.61 |
| (f) | Other Financial assets | 374.06 | 5.00 | 379.06 | 3,100.58 | - | 3,100.58 | 182.20 | - | 182.20 |
| (2) | **Non-Financial Assets** | | | | | | | | | |
| (a) | Deferred Tax Assets (Net) | - | 4.37 | 4.37 | - | 16.10 | 16.10 | - | 5.80 | 5.80 |
| (b) | Property, Plant and Equipment | - | 21.48 | 21.48 | - | 14.41 | 14.41 | - | 7.40 | 7.40 |
| (c) | Other non-financial assets | 48.06 | 55.31 | 103.37 | 8.49 | - | 8.49 | 0.32 | 39.36 | 39.68 |
| | **Total Assets** | 37,424.78 | 72,843.88 | 1,10,268.66 | 17,660.15 | 54,023.14 | 71,683.29 | 14,694.32 | 9,729.47 | 24,423.79 |

| | Liabilities and Equity | Within 12 month | After 12 Months | Total | Within 12 month | After 12 Months | Total | Within 12 month | After 12 Months | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Liabilities** | | | | | | | | | |
| (1) | **Financial Liabilities** | | | | | | | | | |
| (a) | Payables | | | | | | | | | |
| | Trade Payables | | | | | | | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - | - | - |
| | (ii) total outstanding dues of creditors other than micro | 84.37 | - | 84.37 | 92.48 | - | 92.48 | 28.52 | - | 28.52 |
| (b) | Debt securities | 7,553.43 | 10,000.00 | 17,553.43 | - | 5,000.00 | 5,000.00 | - | - | - |
| (c) | Borrowings (Other than Debt Securities) | 5,198.68 | 21,301.32 | 26,500.00 | 89.02 | 7,520.00 | 7,609.02 | - | - | - |
| (d) | Other financial liabilities | 1,966.43 | - | 1,966.43 | 1,098.21 | - | 1,098.21 | 528.51 | - | 528.51 |
| (2) | **Non-Financial Liabilities** | | | | | | | | | |
| (a) | Current tax liabilities (Net) | 293.40 | - | 293.40 | 179.77 | - | 179.77 | 33.43 | - | 33.43 |
| (b) | Provisions | 46.80 | - | 46.80 | 20.63 | - | 20.63 | 8.88 | - | 8.88 |
| (c) | Other non-financial liabilities | 285.35 | 30.00 | 315.35 | - | 98.67 | 98.67 | - | 54.72 | 54.72 |
| | **Total Liabilities (A)** | 15,428.46 | 31,331.32 | 46,759.78 | 1,480.11 | 12,668.67 | 14,098.78 | 599.14 | 54.72 | 653.86 |
| (3) | **Equity** | | | | | | | | | |
| (a) | Equity share capital | - | 49,756.33 | 49,756.33 | - | 49,756.33 | 49,756.33 | - | 23,538.00 | 23,538.00 |
| (b) | Other equity | - | 13,752.55 | 13,752.55 | - | 7,828.18 | 7,828.18 | - | 231.93 | 231.93 |
| | **Total Equity (B)** | - | 63,508.88 | 63,508.88 | - | 57,584.51 | 57,584.51 | - | 23,769.93 | 23,769.93 |
| | **Total Liabilities and Equity (A+B)** | 15,428.46 | 94,840.20 | 1,10,268.66 | 1,480.11 | 70,253.18 | 71,683.29 | 599.14 | 23,824.65 | 24,423.79 |

39 Transition to Ind AS:

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information for the year ended 31 March 2018 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2017.

In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

I. Explanation of transition to Ind AS

In preparing the financial statement, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

**Optional Exemptions**

**a) Property, Plant and Equipment and Intangible Assets exemption:**

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (April 1, 2017).

**b) Derecognition of financial assets and financial liabilities**

The Company has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. after April 1, 2017.

**Mandatory Exceptions**

a) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

**b) Impairment of Financial Assets**

The Company has applied impairment requirements retrospectively.

**c) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.
Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that existed on the date of transition.
Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

**d) Classification of Debt Instruments**

The Company has determined the classification of debt instruments in terms of whether they meet ammortised cost criteria or fair value through other comprehensive income based on the facts and circumstances that existed as of the transition date.

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Reconciliation of Balance Sheet as at 31 March 2018**

| | Note Reference | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
|---|---|---|---|---|
| **I. ASSETS** | | | | |
| **(1) Financial assets** | | | | |
| (a) Cash and cash equivalents | | 1,380.36 | - | 1,380.36 |
| (b) Bank balance other than cash and cash equivalents | | 2,500.00 | - | 2,500.00 |
| (c) Receivables | | | | |
| (i) Trade receivables | | 542.11 | - | 542.11 |
| (d) Loans | C/D/E/G | 60,603.89 | 492.28 | 61,096.17 |
| (e) Investments | B/G | 3,012.14 | 12.93 | 3,025.07 |
| (f) Other financial assets | C | 3,390.12 | (289.54) | 3,100.58 |
| **(2) Non-financial assets** | | | | |
| (a) Deferred tax assets (net) | G | 8.58 | 7.52 | 16.10 |
| (b) Property, Plant and Equipment | | 14.41 | - | 14.41 |
| (c) Other non-financial assets | | 8.49 | - | 8.49 |
| **TOTAL ASSETS** | | 71,460.10 | 223.19 | 71,683.29 |
| **LIABILITIES AND EQUITY** | | | | |
| **(1) Financial liabilities** | | | | |
| (a) Payables | | | | |
| (i) Trade payables | | | | |
| (I) total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| (II) total outstanding dues of creditors other than micro enterprises and small enterprises | | 92.48 | - | 92.48 |
| (b) Debt securities | | 5,000.00 | - | 5,000.00 |
| (b) Borrowings | | 7,609.02 | - | 7,609.02 |
| (c) Other financial liabilities | | 1,098.21 | - | 1,098.21 |
| **(2) Non-financial liabilities** | | | | |
| (a) Current tax liabilities | C | 163.04 | 16.73 | 179.77 |
| (a) Provisions | | 20.63 | - | 20.63 |
| (b) Other non-financial liabilities | | 98.67 | - | 98.67 |
| | | 14,082.05 | 16.73 | 14,098.78 |
| **(3) Equity** | | | | |
| (a) Equity share capital | | 49,756.33 | - | 49,756.33 |
| (b) Other equity | A/B/C/D/F/G | 7,621.72 | 206.46 | 7,828.18 |
| **Equity attributable to equity holders of the parent** | | 57,378.05 | 206.46 | 57,584.51 |
| **TOTAL EQUITY AND LIABILITIES** | | 71,460.10 | 223.19 | 71,683.29 |

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Reconciliation of Balance Sheet as at 1 April 2017

| | Note Reference | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
|---|---|---|---|---|
| **I. ASSETS** | | | | |
| (1) Financial assets | | | | |
| (a) Cash and cash equivalents | | 977.02 | - | 977.02 |
| (b) Receivables | | | - | |
| (i) Trade receivables | | 157.50 | - | 157.50 |
| (c) Loans | C/D/E/G | 10,997.38 | 5.20 | 11,002.58 |
| (d) Investments | B/G | 12,067.42 | 34.19 | 12,101.61 |
| (e) Other financial assets | | 132.19 | 0.01 | 132.20 |
| (2) Non-financial assets | | | | |
| (a) Deferred tax assets (net) | G | 2.69 | 3.11 | 5.80 |
| (b) Property, Plant and Equipment | | 7.40 | - | 7.40 |
| (c) Other non-financial assets | | 39.68 | - | 39.68 |
| TOTAL ASSETS | | 24,381.28 | 42.51 | 24,423.79 |
| **LIABILITIES AND EQUITY** | | | | |
| (1) Financial liabilities | | | | |
| (a) Payables | | | | |
| (I) Trade payables | | | | |
| (I) total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| (II) total outstanding dues of creditors other than micro enterprises and small enterprises | | 28.32 | - | 28.32 |
| (b) Other financial liabilities | | 528.51 | - | 528.51 |
| (2) Non-financial liabilities | | | | |
| (a) Current tax liabilities (Net) | C | 16.70 | 16.73 | 33.43 |
| (a) Provisions | | 8.88 | - | 8.88 |
| (b) Other non-financial liabilities | | 54.72 | - | 54.72 |
| | | 637.13 | 16.73 | 653.86 |
| (3) Equity | | | | |
| (a) Equity share capital | | 23,538.00 | - | 23,538.00 |
| (b) Other equity | A/B/C/D/F/G | 206.15 | 25.78 | 231.93 |
| Equity attributable to equity holders of the parent | | 23,744.15 | 25.78 | 23,769.93 |
| TOTAL EQUITY AND LIABILITIES | | 24,381.28 | 42.51 | 24,423.79 |

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Reconciliation of total comprehensive income for the year ended 31 March 2018**

| | Note Reference | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
|---|---|---|---|---|
| **Revenue** | | | | |
| **I. Revenue from operations** | | | | |
| (i) Interest Income | | 3,591.24 | - | 3,591.24 |
| (ii) Dividend Income | | 12.88 | - | 12.88 |
| (iii) Fees and commission Income | D | 1,047.27 | (522.81) | 524.46 |
| (iv) Net gain on fair value changes | B | 1,130.72 | 493.31 | 1,624.03 |
| **Total Revenue from operations** | | 5,782.11 | (29.50) | 5,752.61 |
| II. Other income | | 8.96 | - | 8.96 |
| **Total income (I+II)** | | 5,791.07 | (29.50) | 5,761.57 |
| **Expenses** | | | | |
| Finance Costs | | 106.73 | - | 106.73 |
| Impairment on financial instruments | F | - | 14.28 | 14.28 |
| Employee Benefits Expenses | A | 1,448.34 | 56.48 | 1,504.82 |
| Depreciation, amortization and impairment | | 4.62 | - | 4.62 |
| Other expenses | | 801.28 | - | 801.28 |
| **Total expenses** | | 2,360.97 | 70.76 | 2,431.73 |
| **Profit before tax** | | 3,430.10 | (100.26) | 3,329.84 |
| **Tax expense** | | | | |
| Current tax | | 939.18 | - | 939.18 |
| Deferred tax | G | (5.89) | (4.08) | (9.97) |
| | | 933.29 | (4.08) | 929.21 |
| **Profit after tax** | | 2,496.81 | (96.18) | 2,400.63 |
| **Other comprehensive income** | | | | |
| Items that will not be reclassified to Statement of Profit and Loss in the subsequent period | | | | |
| Remeasurements of the defined benefit plans | | (1.11) | - | (1.11) |
| Income tax on above | | 0.32 | - | 0.32 |
| **Other comprehensive income for the year** | | (0.79) | - | (0.79) |
| **Total comprehensive income for the year** | | 2,496.02 | (96.18) | 2,399.84 |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**I. Reconciliation of Total Equity**

| | Note Reference | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| **Total equity as per previous GAAP** | | 57,378.06 | 23,744.15 |
| **Ind AS adjustments** | | | |
| Fair Valuation of Mutual funds | B | 12.95 | 34.19 |
| Fair valuation of loans | C | 528.83 | - |
| Amortisation of upfront fees | D | (567.82) | (45.00) |
| Impairment of financial assets | F | 224.97 | 33.47 |
| Deferred tax on above (as applicable) | G | 7.52 | 3.12 |
| **Total Ind AS adjustments** | | 206.45 | 25.78 |
| **Total Equity as per Ind AS** | | 57,584.51 | 23,769.93 |

**II. Reconciliation of Total Comprehensive Income for the year ended March 31, 2018**

| | Note Reference | For the year ended March 31, 2018 |
|---|---|---|
| **Net profit after tax as per Previous GAAP** | | 2,277.86 |
| **Ind AS adjustments** | | |
| Employee stock options | A | (58.70) |
| Fair Valuation of Mutual funds | B | (21.24) |
| Fair valuation of loans | C | 528.83 |
| Amortisation of upfront fees | D | (522.81) |
| Impairment of financial assets | F | 191.50 |
| Deferred tax on above (as applicable) | G | 4.40 |
| **Total Ind AS adjustments** | | 121.98 |
| **Total Comprehensive Income as per Ind AS** | | 2,399.84 |

III. Reconciliation of Cash and Cash equivalents for the year ended March 31, 2018

| | |
|---|---|
| **Cash and Cash equivalents as per Previous GAAP as on April 01, 2017** | 977.02 |
| Net Cash used in Operating Activities as per previous GAAP | (49,495.36) |
| Net Cash generated from Investing Activities as per previous GAAP | 8,453.93 |
| Net Cash generated from Financing Activities as per previous GAAP | 43,944.77 |
| Net increase in Cash and Cash equivalents as per previous GAAP | 2,903.34 |

**On account of transition to Ind AS, there is no material adjustment to the Statement of Cash Flows for the year ended 31st March 2017.**

IV. Notes to reconciliations:-

A Employee stock options
The Company has granted equity settled options to the employees of the Company against options of the holding Company Avendus Capital Private Limited. Under previous GAAP, the Company has recognised the expense based on the intrinsic value of the option. Under Ind AS, the Company is required to recognise the option at fair value. Given that the options are against the shares of the holding Company, the corresponding adjustment is done against Contribution from Parent.

B Fair valuation of Mutual funds and AIF

Under previous GAAP, current investments were measured at lower of cost or market price as of each reporting date while long term investments were measured at cost reduced for diminution.
Under Ind AS, all financial assets are required to be assessed based on characteristics of their cash flows and/or the business model for managing such instruments. Accordingly, in view of the Company's intention and the approach to management of underlying pool of investments on a fair value basis, the appropriate classification of such investments will be fair value through profit or loss.

C Fair valuation of loans
The Company has given loans to Customers, the interest of which is linked to the performance of the Company and the interest rate is not fixed.
Under previous GAAP, the loans are measured at cost, while under Ind AS the Company is required to measure this at FVTPL.

D Amortisation of transaction fees
Under previous GAAP, directly attributable transaction costs were recognised as income in the Statement of Profit and Loss in the year of disbursement of the loan. As per the requirements of Ind AS, the Company has measured its assets at amortised cost (including the directly attributable transaction costs) based on the effective interest rate of the assets. Accordingly, suitable adjustments have been made in the Statement of Profit and Loss.

E Remeasurement of defined benefit liabilities
Under previous GAAP, the Company recognised remeasurement of defined benefit plans under statement of profit and loss. Under Ind AS, remeasurement of defined benefit plans are recognised in Other Comprehensive Income.

F Impairment of Financial Assets
Under Indian GAAP, the Company has created provision for impairment of receivables/ loans to customer on the basis of the requirements of RBI. Under Ind AS, impairment allowance has been determined based on Expected credit loss model (ECL) as required as per Ind AS 109.

G Deferred taxes
Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of the balance sheet approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. The Ind AS adjustments have a corresponding deferred tax impact.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

40 Schedule to the Balance Sheet of a Non- deposit taking financial company as on March 31, 2019
(as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

INR in lakhs

| Sr.No | Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|---|
| 1 | Liabilities side<br>Loans and advances availed by the Non- banking financial company inclusive of interest accrued thereon but not paid | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| | a Debentures :<br>Secured | 15,776.77 | | 5,075.40 | | | |
| | Unsecured<br>(Other than falling within the meaning of public | | | | | | |
| | b Deferred Credits | | | | | | |
| | c Term Loans | 26,542.11 | | 7,601.03 | | | |
| | d Inter - corporate loans and borrowings | | | | | | |
| | e Commercial paper | 2,553.43 | | 9.02 | | | |
| | f Other Loans - Cash Credit from Bank | | | | | | |
| 2 | Assets side<br>Break-up of Loans and Advances including bills (other than those included in (3) below ): | Amount Outstanding | | Amount Outstanding | | Amount Outstanding | |
| | a Secured | 86,896.75 | | 61,114.59 | | 11,006.72 | |
| | b Unsecured | 3,276.53 | | | | | |
| 3 | Break up of Leased Assets and Stock on hire and other assets counting towards AFC activities | | | | | | |
| | i Lease assets including lease rentals under sundry | | | | | | |
| | a Financial Lease | | | | | | |
| | b Operating Lease | | | | | | |
| | ii Stock on hire including hire charges under sundry | | | | | | |
| | a Assets on hire | | | | | | |
| | b Repossed Assets | | | | | | |
| | iii Other loans counting towards AFC activities | | | | | | |
| | a Loans where assets have been repossessed | | | | | | |
| | b Loans other than (a) above | | | | | | |
| 4 | Break up of Investments<br>Current Investments | | | | | | |
| | 1 Quoted | | | | | | |
| | i Shares<br>Equity | | | | | | |
| | Preference | 24.12 | | 516.48 | | | |
| | ii Debentures and Bonds | 3,117.82 | | 2,001.64 | | | |
| | iii Units of mutual funds | | | | | | |
| | iv Government Securities | | | | | | |
| | v Others (please specify) | | | | | | |
| | 2 Unquoted | | | | | | |
| | i Shares<br>Equity | | | | | | |
| | Preference | | | 52.92 | | | |
| | ii Debentures and Bonds | 1,540.13 | | | | 4,064.81 | |
| | iii Units of mutual funds | 13,735.38 | | 454.03 | | 8,036.80 | |
| | iv Government Securities | | | | | | |
| | v Others (please specify) | | | | | | |

| Sr.No | Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 01, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 5 | Borrower group- wise classification of assets financed as in (2) and (3) above: | | | | | | | | | |
| | Category | Amount net of provisions | | | Amount net of provisions | | | Amount net of provisions | | |
| | | Secured | Unsecured | Total | 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 | 86,621.64 | 3,263.64 | 89,885.28 | 61,096.17 | - | 61,096.17 | 11,002.58 | - | 11,002.58 |
| | Total | 86,621.64 | 3,263.64 | 89,885.28 | 61,096.17 | - | 61,096.17 | 11,002.58 | - | 11,002.58 |
| 6 | Investor Group- wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : | | | | | | | | | |
| | Category | Market Value / Break up or fair value or NAV | | Book Value (Net of Provisions) | Market Value / Break up or fair value or NAV | | Book Value (Net of Provisions) | 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 | 18,417.45 | | - | 3,025.07 | | - | 12,101.61 | | - |
| 7 | Other information | | | | | | | | | |
| | i Gross Non - performing Assets | | | | | | | | | |
| | a Related parties | - | | | - | | | - | | |
| | b Other than related parties | - | | | - | | | - | | |
| | ii Net Non - performing Assets | | | | | | | | | |
| | a Related parties | - | | | - | | | - | | |
| | b Other than related parties | - | | | - | | | - | | |
| | iii Assets acquired in satisfaction of debt | - | | | - | | | - | | |

41 There are no restructuring of advances during the current and previous year. Thus, disclosure in terms of paragraph 24 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 is not applicable

**42 Disclosure as required in terms of paragraph 70 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.**

INR in lakhs

**42.1 Capital**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| CRAR (%) | 58.23% | 84.95% | 101.40% |
| CRAR - Tier I Capital (%) | 57.97% | 84.92% | 101.38% |
| CRAR - Tier II Capital (%) | 0.26% | 0.03% | 0.02% |
| Amount of subordinated debt raised as Tier-II Capital (₹) | - | - | - |
| Amount raised by issue of Perpetual Debt Instruments (₹) | - | - | - |

**42.2 Investments**

| Particulars | As at March 31, 201 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (1) Value of Investments | | | |
| (i) Gross Value of Investments | | | |
| (a) In India | 18,678.05 | 3,039.32 | 12,101.61 |
| (b) Outside India | - | - | - |
| (ii) Provision for Depreciation | | | |
| (a) In India | 260.60 | 14.25 | - |
| (b) Outside India | - | - | - |
| (iii) Net value of Investments | | | |
| (a) In India | 18,417.45 | 3,025.07 | 12,101.61 |
| (b) Outside India | - | - | - |
| (2) Movement of Provisions held towards depreciation on Investments | | | |
| (i) Opening balance | 14.25 | - | - |
| (ii) Add: Provisions made during the year | 246.35 | 14.25 | - |
| (iii) Less: Write-off / write-back of excess provisions during the year | - | - | - |
| (iv) Closing balance | 260.60 | 14.25 | - |

**42.3 Derivatives**

The Company has not entered into any Forward rate agreement/Interest rate swap/Exchange traded interest rate derivative transactions during the financial year ended 31 March 2019, 31 March 2018 and 31 March 2017

**42.4 Securitisation**

The Company has not entered into any Securitisation transactions during the financial year ended 31 March 2019, 31 March 2018 and 31 March 2017.

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

INR in lakhs

| Particulars | One month | Over 1 month upto 2 Months | Over 2 months upto 3 months | Over 3 month & up to 6 month | Over 6 Month & up to 1 year | Over 1 year & up to 3 years | Over 3 years & up to 5 years | Over 5 years | Total | Fair Value and EIR Impact for Advances | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits | - | - | - | - | - | - | - | - | - | - | - |
| | (2,500.00) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (2,500.00) | - | (2,500.00) |
| Advances | 1,156.47 | 886.09 | 3,983.30 | 4,156.47 | 6,945.23 | 45,954.22 | 26,039.27 | 510.00 | 89,631.05 | 254.23 | 89,885.28 |
| | (-) | (81.45) | (265.23) | (432.60) | (6,324.26) | (31,277.98) | (21,483.87) | (981.88) | (60,847.27) | (248.90) | (61,096.17) |
| Investments | 4,682.07 | - | 13,735.38 | - | - | - | - | - | 18,417.45 | - | 18,417.45 |
| | (2,571.04) | (-) | (454.03) | (-) | (-) | (-) | (-) | (-) | (3,025.07) | | (3,025.07) |
| Borrowings | - | - | 2,553.43 | 878.79 | 9,319.89 | 27,904.55 | 3,396.78 | - | 44,053.44 | - | 44,053.44 |
| | (9.02) | (-) | (-) | (-) | (30.00) | (9,023.94) | (3,546.06) | (-) | (12,609.02) | | (12,609.02) |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | - |

42.5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31 March 2018

| Particulars | One month | Over 1 month upto 2 Months | Over 2 months upto 3 months | Over 3 month & up to 6 month | Over 6 Month & up to 1 year | Over 1 year & up to 3 years | Over 3 years & up to 5 years | Over 5 years | Total | Fair Value and EIR Impact for Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits | 2,500.00 | - | - | - | - | - | - | - | 2,500.00 | - | 2,500 |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Advances | - | 81.45 | 265.23 | 432.60 | 6,324.26 | 31,277.98 | 21,483.87 | 981.88 | 60,847.27 | 248.73 | 61,096 |
| | (111.11) | - | - | (907.94) | (306.62) | (3,062.51) | (6,044.43) | (312.82) | (10,745.43) | (257.57) | (11,003) |
| Investments | 2,571.04 | - | 454.03 | - | - | - | - | - | 3,025.07 | - | 3,025 |
| | (2,860.58) | (1,134.46) | (350.00) | (7,756.57) | - | - | - | - | (12,101.61) | - | (12,102) |
| Borrowings | 9.02 | - | - | - | 30.00 | 9,023.94 | 3,546.06 | - | 12,609.02 | - | 12,609.02 |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |

Note:

1) Figures in the brackets pertain to those of the previous year.

2) The above statement includes only certain items of assets and liabilities (as stipulated in Para 3.5 of Annexure xii 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.

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

DELOITTE HASKINS & SELLS LLP MUMBAI

AVENDUS FINANCE PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42.6 Exposures

A. Exposure to Real Estate Sector

INR in lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| a) Direct Exposure | | | |
| (i) Residential Mortgages - | | | |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | 1,763 | 3,878 | Nil |
| (ii) Commercial Real Estate - | | | |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits. | Nil | Nil | Nil |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | | |
| a. Residential, | Nil | Nil | Nil |
| b. Commercial Real Estate | Nil | Nil | Nil |
| b) Indirect Exposure | | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | Nil | Nil | Nil |
| | Nil | Nil | Nil |

B. Exposure to Capital Market

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | - | - | - |
| (ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | - | - | - |
| (iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | 10,578 | 5,000 | 4,870 |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances; | - | - | - |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | - | - | - |
| (vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | - | - |
| (vi) bridge loans to companies against expected equity flows / issues; | - | - | - |
| (vii) all exposures to Venture Capital Funds (both registered and unregistered) | - | - | - |
| Total Exposure to Capital Market | 10,578 | 5,000 | 4,870 |

C) Details of financing parent company products as at 31 March 19 - Nil (Previous year - Nil)
Details of financing parent company products as at 31 March 18 - Nil (Previous year - Nil)

D) Borrower Limit (SGL) / Group Borrower Limit (GBL)
During the year, the Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulation:

E) Unsecured Advances as at 31 March 19 - Rs 3276.53 lakhs (Previous Year Nil)
Unsecured Advances as at 31 March 2018 - Nil (Previous Year Nil)

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

INR in lakhs

**42.7 Miscellaneous Details**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (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. | Not applicable | Not applicable |
| (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 | Not applicable |
| (b) Non- Convertible Debentures- Short term | CRISIL A1+ | CRISIL A1+ | Not applicable |
| (c ) Bank Loan Long term | CRISIL A+/ Stable | CRISIL A+/ Stable | Not applicable |
| (iii) Penalties, if any, levied by any regulator | Nil | 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 | Not applicable |

**42.8 Additional Disclosure**

**A) Provision and Contingencies**

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Provisions for Depreciation on Investment | 246.35 | 14.25 | - |
| Provision towards NPA | - | - | - |
| Provision made towards Income tax | 2,330.00 | 939.18 | 230.00 |
| Other Provisions and Contingencies: | | | |
| -Provision for Gratuity | 17.61 | 8.18 | 3.49 |
| -Provision for Compensated absences | 8.56 | 3.57 | 3.80 |
| Contingent Provision against standard assets | 269.58 | 14.28 | 4.14 |

**B) Draw Down from Reserves is Nil as at 31 March 19 (Previous year Nil)**
**Draw Down from Reserves is Nil as at 31 March 18 (Previous year Nil)**

**42.9 Concentration of Advances, Exposures and NPAs**

**A) Concentration of Advances**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Total Advances to twenty largest borrowers | 84,368.47 | 61,114.59 | 11,006.72 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Company | 94.13% | 100% | 100% |

**B) Concentration of Exposures**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Total Exposure to twenty largest borrowers / customers | 84,368.47 | 61,114.59 | 11,006.72 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers | 93.34% | 100% | 100% |

**C) Concentration of NPAs**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Total Exposure to top four NPA accounts | - | - | - |

AVENDUS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**D) Sector-wise NPAs**

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

**42.10 Movement of NPAs**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (i) Net NPAs to Net Advances (%) | - | - | - |
| (ii) Movement of NPAs (Gross) | | | |
| (a) Opening balance | - | - | - |
| (b) Additions during the year | - | - | - |
| (c) Reductions during the year | - | - | - |
| (d) Closing balance | - | - | - |
| (iii) Movement of Net NPAs | | | |
| (a) Opening balance | - | - | - |
| (b) Additions during the year | - | - | - |
| (c) Reductions during the year | - | - | - |
| (d) Closing balance | - | - | - |
| (iv) Movement of provisions for NPAs (excluding contingent provisions against standard assets) | | | |
| (a) Opening balance | - | - | - |
| (b) Provisions made during the year | - | - | - |
| (c) Write-off / write-back of excess provisions | - | - | - |
| (d) Closing balance | - | - | - |

42.11 Overseas Assets for those Joint venture and Subsidiaries abroad as at 31 March 2019 - Nil (Previous Year - Nil)
Overseas Assets for those Joint venture and Subsidiaries abroad as at 31 March 2018 - Nil (Previous Year - Nil)

42.12 Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as at 31 March 2019 - Nil (Previous Year - Nil)

Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as at 31 March 2018 - Nil (Previous Year - Nil)

**42.13 Disclosure of Complaints**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (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 | - | - | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 **Disclosure as per Ind AS 115**

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

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Based on service type | | |
| **Fees and Commission Income** | 656.61 | 300.00 |
| **Based** on geographay | | |
| Within India | 656.61 | 300.00 |
| 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.

44 **Disclosure of contract balances**

| Contract Assets | 31-Mar-19 | 31-Mar-18 | 01-Apr-17 |
|---|---|---|---|
| Trade receivables | 745.90 | 542.11 | 157.50 |

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) | - | - | - |
| The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year | - | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006 | - | - | - |

46 Employee Benefits expenses amounting to Rs 455.59 lakhs (Previous Year Rs 305.95 lakhs) included in Note 25 and Other Expenses amounting to Rs 199.41 lakhs (Previous Year Rs 294.04 lakhs) included in Note 27 is reimbursement made to Group Companies towards the value of costs apportioned in accordance with the Master Cost sharing agreement.

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

**Signatures to Notes to the Financial Statements**

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

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

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

**Parimal Deuskar**
**Company Secretary**

**Place : Mumbai**
Date : May 15, 2019

DELOITTE HASKINS & SELLS LLP MUMBAI