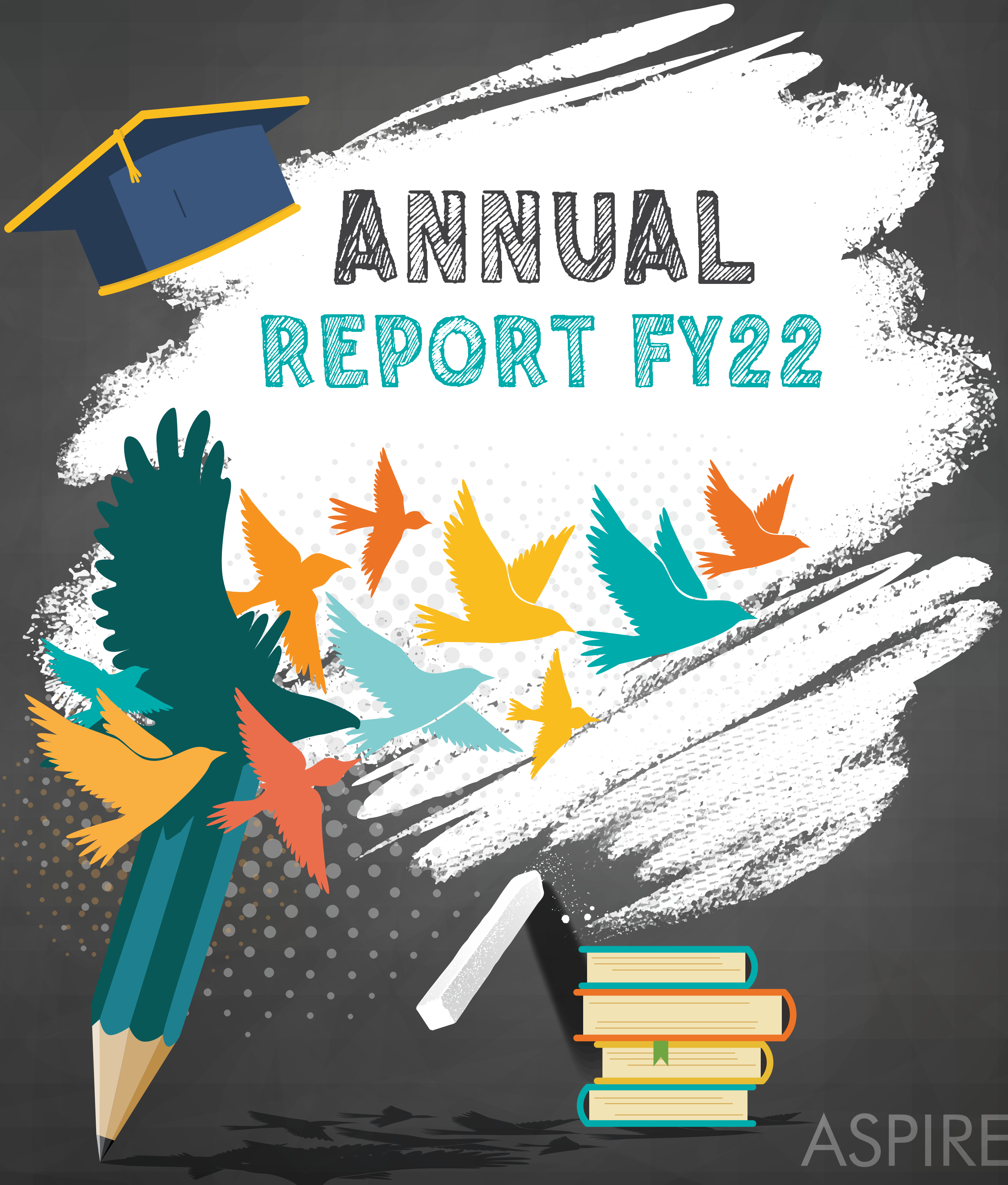
AVANSE FINANCIAL SERVICES

ASPIRE WITHOUT BOUNDARIES

ANNUAL REPORT FY22



ASPIRE WITHOUT **BOUNDARIES**

INDEX

Committed to Fulfilling Academic Aspirations

Avanse Financial Services Limited is a new-age education-focused, technologically advanced Non-Banking Financial Company (NBFC) on a mission to provide seamless and affordable education financing for every deserving Indian student.

Established in 2013, Avanse has been on a journey to strengthen its leadership position in education lending space by creating solutions for individuals (Financing for Students) and Indian institutions (Financing for Educational Institutions).

The organisation offers solutions for every segment of the Indian education sector, covering school education to post-graduation while also contributing to building the country's education infrastructure. Avanse has been focused on creating a path to upward mobility for the students, their family and thus, the nation at large.

Mission

Making Education Financing Seamless and Affordable for Every Deserving Indian Student

Purpose

Democratising Education and Education Financing in India

Parentage

Warburg Pincus, a leading global equity firm, holds 80% of the equity stake in Avanse Financial Services Limited. The global growth investor is known for its highly diversified portfolio and has over 67 billion USD in private equity assets under management across 215 companies. The International Finance Corporation (IFC), an arm of the World Bank, continues to hold the balance 20% equity stake since the start of Avanse's journey.

BOARD OF DIRECTORS

Neeraj Swaroop (Chairman & Independent Director)

Neeraj is a professional with almost four decades of experience. He has leveraged his experience and expertise to build businesses across Asia. Before taking on the role of Professor and Head at the Centre for Financial Studies at the S. P. Jain Institute of Management and Research, he was the CEO of Standard Chartered Singapore, South East Asia, and South Asia. He holds a Mechanical Engineering degree from IIT, Delhi, a post-graduate diploma in Business Administration from IIM, Ahmedabad, and a post-graduate degree in Retail Bank Management from the University of Virginia.

Vijayalakshmi Iyer (Independent Director)

Vijayalakshmi is a former member of IRDAI & CMD of Bank of India & Former Executive Director of Central Bank of India. She had been on the advisory board of several committees, including the Committee on Corporate Bond Market (SEBI), National Institute of Bank Management, Wage Negotiation Committee – Indian Banks Association (IBA). Vijayalakshmi was also the Head of the Risk Management Committee in IBA. She is a Commerce graduate and also a fellow of CAIIB of the Indian Institute of Banking and Finance.

Narendra Ostawal (Non-Executive Director)

Narendra is the Managing Director of Warburg Pincus India Pvt. Ltd. As part of his role, he leads investment evaluation and has been instrumental in deals with Kotak Mahindra Bank, Capital First Ltd., and AU Small Finance Bank Ltd. Narendra is a Nominee Director of Fusion Micro Finance Pvt. Ltd. Previously, he was a Nominee Director on the Board of AU Small Finance Bank Ltd. and Capital First Ltd. He did his CA & MBA degrees from IIM Bangalore.

V. Ravi (Independent Director)†

Ravi is the former Executive Director & Chief Financial Officer of Mahindra & Mahindra Financial Services. He was a member of the core team who was instrumental in setting up and scaling five companies of the Mahindra Group. Ravi brings four decades of experience as a senior finance professional, covering many facets of the BFSI sector spanning from finance & treasury, risk management, strategic business planning, and audit. During his professional journey, he worked with esteemed organisations such as Mahindra & Mahindra Financial Services, Mahindra Ugine Steel Company Ltd., and many more companies across the sector.

Savita Mahajan (Independent Director)

Savita is the Former Deputy Dean at the Indian School of Business (ISB) and has been associated with it since its inception in 2001. She was instrumental in building the second campus at Mohali and led the school as the CEO. Savita has around four decades of experience in consulting and training. After completing a degree course in Economics from Delhi University, she did her MBA from IIM, Ahmedabad. Over the years, Savita worked with reputed organisations like Maruti Udyog Ltd., Bharat Technologies, Karvy Consultants, and Intergraph India.

Amit Gainda (Managing Director & Chief Executive Officer)

Amit has an illustrious career spanning well over two decades in the BFSI sector. Amit has built businesses with sustainable growth and profitability, through decisive strategic choices in businesses, people, technology, and other organisational competencies. Under his strategic guidance and vision, Avanse has strengthened its leadership position and is currently one of the fastest growing education-focused NBFCs. He possesses expertise in implementing robust strategies and incorporating significant changes to adapt to the dynamic business environment.

ADVISORS

C N Ram (Warburg Advisor)

He is the Senior Advisor to Warburg Pincus India and provides technology oversight for their IT investments across portfolios. He has 35 years of experience in leading banks, manufacturing, and BPO industries, strategic planning, technology operations, business transformation, ERP implementations, and process outsourcing initiatives. He was the former CIO at HDFC Bank, Independent Director in SBI Funds Management Pvt. Ltd., Aditya Birla Health Insurance Co., NSEIT. He is also the Co-Founder of "Rural Shores Business Services Pvt. Ltd.". C N Ram has done his BTech from IIT Madras & MBA from IIM Ahmedabad.

Pankaj Thadani (Avanse Advisor)

Pankaj is the Advisor to Avanse for providing guidance on strengthening the finance, accounts, and compliance activities. He has over 30 years of experience in financing, financial accounting, cost accounting, tax & systems, and compliance. He was the former CFO and Compliance Officer at Bajaj Finance. Pankaj had been instrumental in directing one of the largest NBFCs, Bajaj Finance Ltd., and contributed to its growth journey - from being a single business company to a diversified NBFC. He is a Mathematics Graduate and a Chartered Accountant.

SNAPSHOT

Financial Analysis & Growth Journey

Avanse Financial Services' Year-on-Year Financial Growth

The financial year 2021-2022 was the year to get back on track after witnessing the pandemic. Despite several uncertainties and various alterations, Avanse Financial Services has been on a growth trajectory with a sharp focus on "Profitability & Asset Quality" along with a "Strong Balance Sheet" and a "Wide Liability Base".

Here's a quick snapshot of Avanse's journey so far

FY2013

Establishment of Avanse

- Avanse was incorporated
- Launched Education Loan business
- IFC invests in Avanse-20% equity stake

FY2014

Launch of New Business

- Launched the Education Institution Loan business

FY2018

New Management & Business Growth Phase

- New Management Team
- Crossed ~INR 1,000 Cr. AUM
- ~INR 200 Cr. monthly disbursement run rate
- Executed India's first securitisation deal in education loans

FY2019

New Business Line Launched & Stakes Acquired by New Shareholder

- Launched Digital Business E-tutoring and Skill Enhancement verticals
- NABARD refinancing under Social Infrastructure Loans
- Warburg Pincus acquired 80% equity stake

FY2021

New Fund Line Created

- Funds raised through TLTRO 2.0 and a partial credit guarantee scheme from GoI
- Raised $15 Mn ECB by DFC

FY2022

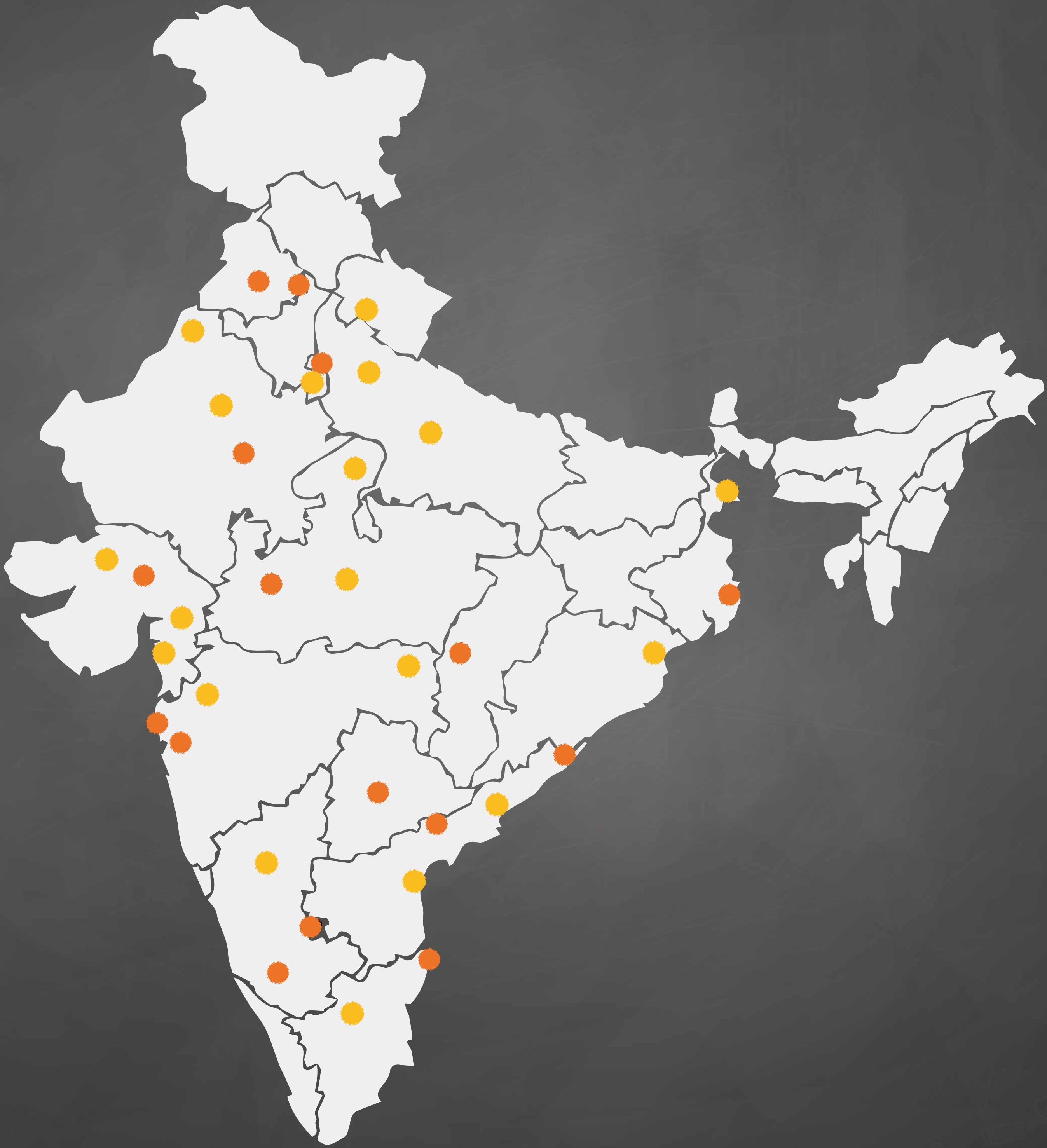
Highest-ever Business Performance Numbers

- Built robust partnerships with Credit Fair, Scienaptic, and MoneyHop; achieved the highest ever growth in the disbursement of ~INR 2,927 Cr.
- ~INR 357 Cr. raised via securitisation transaction

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

Presence Across The Country

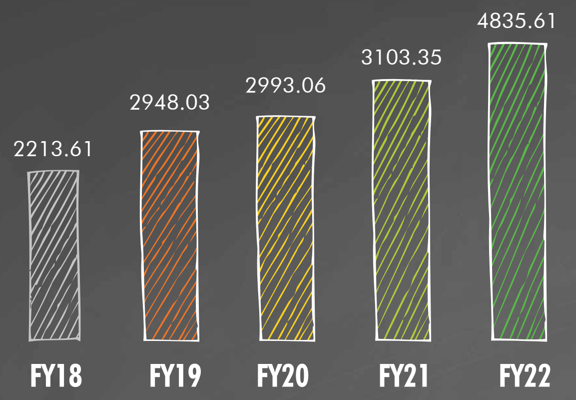
Avanse Financial Services caters to the education ecosystem across 500+ locations. It primarily operates via 16 branches and 19 sales representative offices.



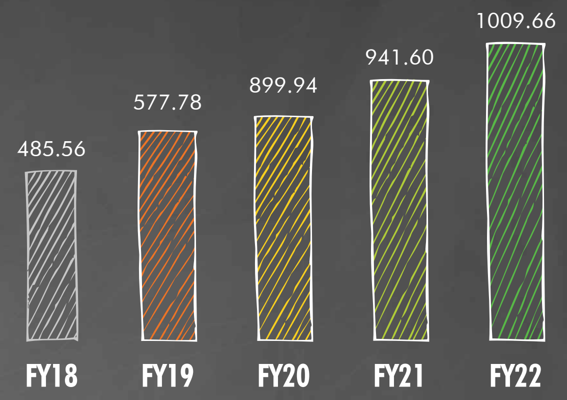
Branches

Sales Representative Offices

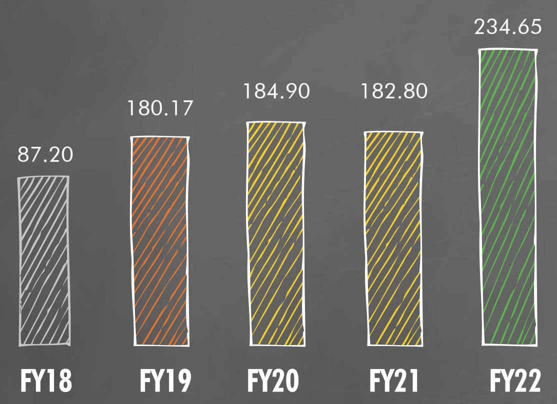
Assets Under Management (in Rs. crore)



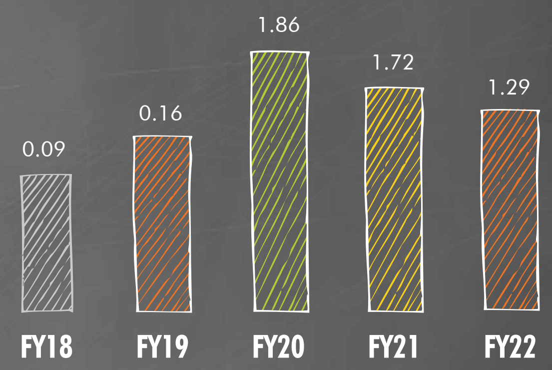
Shareholders Fund (in Rs. crore)



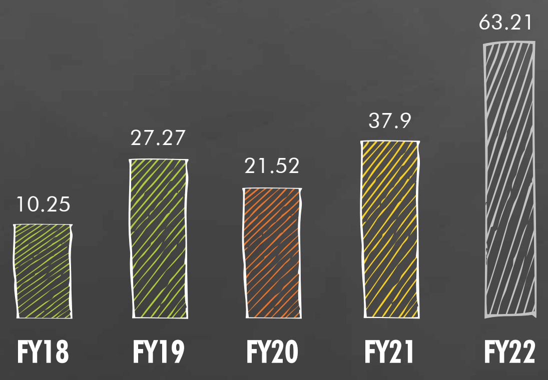
Net Total Income (in Rs. crore)



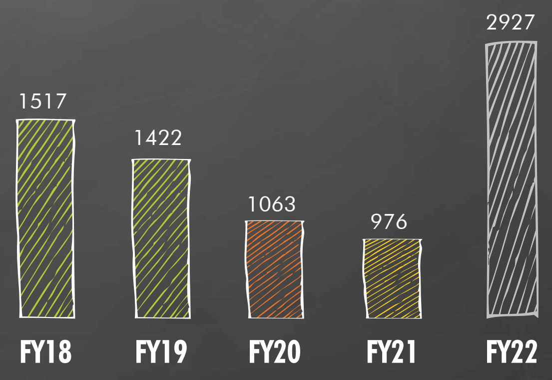
Gross Non- Performing Assets (%)



Profit after tax (in Rs. crore)



Disbursement (in Rs. crore)



Macroeconomic Overview

India is the world's third-largest economy in terms of its purchasing power parity, with a population of over 1.3 billion. It has emerged as the fastest-growing economy in the world and is expected to be one of the top three economic powers over the next 10-15 years. The pandemic that broke out in the year 2020 continued to impose health and economic concerns across the country in FY22 with its resurgent waves. As the economy battled against the pandemic impact, it maintained its rebound momentum throughout. India's broad range of fiscal, monetary, and health responses along with robust economic reforms supported the overall recovery process during these unprecedented times.

During FY22, the economy gradually opened up and organisations across sectors geared up to meet the pre-pandemic consumer demands. Growing immunity levels along with sufficient experience and knowledge about how to tackle the virus enabled the country to sustain the impact of the subsequent waves. The optimism among the people has contributed towards the growth and progress of the economy, bringing it back to its $5 trillion goal journey.

As per the Economic Survey 2021-2022, India to witness GDP growth of 8-8.5% in 2022-23, supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending. It highlighted that the year ahead is well poised for a pick-up in private sector investment, with the financial system in a good position to provide support to the revival of the economy. The financial sector has always been a possible segment of stress during turbulent times. However, India's capital markets have done exceptionally well and have allowed record mobilisation of risk capital of Indian companies. The Sensex and Nifty scaled up to touch their peak at ~62,000 and ~18,000, respectively in October 2021. Approximately, INR 89,000 Cr. was raised via ~75 IPO issues in April-November 2021, much higher than in any year in the last decade.

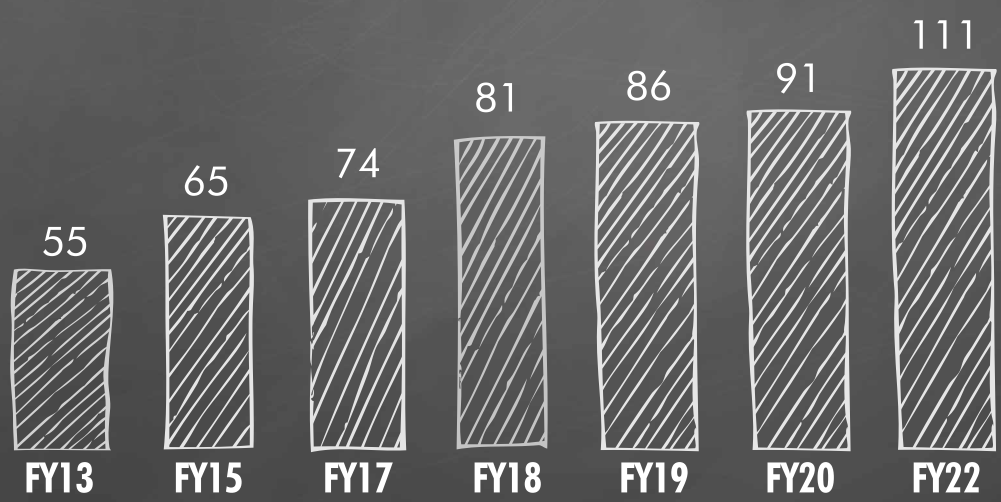
The Indian economic scenario drastically improved over the past 10-12 years. However, the pandemic led to a contraction of 7.3% in FY21. The second wave slightly aggravated the situation, which required the rating & research agencies to rethink their earlier GDP growth prediction. Another vital reason behind rethinking the economic growth numbers is the unrest between Ukraine and Russia. India Ratings and Research marginally reduced the GDP growth forecast for the 2022-23 financial year to 7-7.2% from its earlier estimate of 7.6%, whereas the Fitch rating agency lowered the growth forecast to 8.5%, citing the risks to the economy due to higher energy prices. This minor decrease in the estimation has been attributed to the ongoing war in Ukraine along with the chances of India facing restraints on energy access and prices, reflexes from trade sanctions, food inflation, tightening policies, and financial instability. The UN Conference on Trade and Development (UNCTAD) report lowered its global economic growth projection to 2.6% from 3.6% due to the war and the subsequent changes in the macroeconomic policies that put developing countries at risk. Despite several obstacles imposed by various external and internal developments, India has been one of the fastest-growing economies in the world.

Adequate and timely availability of credit is another essential prerequisite for economic growth. We believe that making credit available for a larger section of society is extremely crucial to achieving holistic growth across the country. Digital inclusion in the financial sector has offered it the leverage to gauge the market closely and to strengthen the credit penetration to its next level. PSU banks hold the lion's share, however, the NBFC segment is steadily gaining market share and is currently at ~17% CAGR as of March 2022.

An innovative approach in customising financial services to offer hyper-personalised experience has been one of the key traits of the NBFC sector in the recent past. This segment has shown a cumulative growth rate of ~17-20% since FY17. Agile and sector-focused NBFCs have been consistently gaining market share as they have been using their deep domain specialisation to understand, reach and service customers better with the financial solutions that best suit their needs. Fintech and new-age financiers have been disrupting the sector and introducing ways to revolutionise the overall economy.

Education Financing Market Overview

India is a rapidly changing country where inclusive, high-quality education is of utmost importance for its future prosperity. Education has always been a crucial aspect of Indian culture, which has made education financing a multi-decade secular growth story in India. Ever-increasing education spending coupled with favourable demographics has made this market, which provides the institutional funding required to harness and empower the human capital in a country, a crucial one. The education loan market has grown exponentially over the years. As per the CRIF report, the student loan market as of March 2022 is ~111K Cr, witnessing a Y-o-Y growth of around ~12%. PSU banks hold the lion's share, however, the NBFC segment is steadily gaining market share and is currently at ~17% CAGR as of March 2022.



(The numbers mentioned here are in '000 Cr.)

Education Loan Market is at ~INR 111K Cr. as of March 2022

Favourable Demographics

India has the largest population in the world in the age bracket of 5-24 years with ~580 million people, presenting a huge opportunity in the education sector. There are around ~250 million school-going students, which is more than any other country. According to the latest reports, the Gross Enrolment Ratio (GER) in 2019-20 in higher education in India crossed the 27% mark. The demand for studying abroad is also much higher among Indian students. Over ~7,70,000 students headed to foreign countries to acquire globally recognised degrees, a 20% increase compared to 2016.

India's higher education segment is expected to increase to INR 2.45 lac crore (US$ 35.03 billion) by 2025. It is the youngest nation in the world, with a significant number of students enrolled in the education system. According to IBEF, India had 37.4 million students enrolled in higher education in 2018-19. During the past couple of years, we have observed a noticeable trend among Indian higher education aspirants. Indian students are mostly inclined towards pursuing their higher education from abroad destinations. This is primarily due to the rising awareness, higher aspirations, on-campus grooming experience, and availability of specialised courses. Also, another important trend noticed in the education sector is the increasing acceptance of IB schools & its curriculum by Indian parents and students. Today's world has shrunk to a global village, and students need to focus on preparing themselves to achieve success and survive in any part of the world. Most students and their parents believe that an IB programme enables easy adaptation to professional courses in India and abroad.

Rising Cost of Education

Education is an important aspect of the Indian culture and thus, it is a non-discretionary spend sector. The ever-increasing cost of education has made it difficult for Indian parents to ensure quality education for their children within their expected budget. One of the surveys highlighted that average Indian household spends 13% of its annual income on higher education fees per child. With rising fees and the growing aspirations of parents in their choice of education for their children, paying education fees is now a significant expenditure for most households. Along with this, the pandemic too created a certain amount of pressure on parents' pockets. All these factors contributed to the rise in demand for customised education financing solutions for students to fulfil their academic aspirations without having to depend on their parents' savings.

Rise in Choice of Courses and Upsurge in Aspirants

Educational institutions, these days, offer a plethora of choices in terms of subjects, courses, and degrees. Apart from the conventional courses such as STEM and MBA, institutions today also provide a wide range of non-conventional study programs such as aviation, music, animation, and many more. Rising urbanisation, awareness of educational degrees, and disposable income are leading to a rise in enrolment in schools/colleges. Households in India are culturally extremely child-centric and hence, always ready to invest a lot of time and money in their children. In turn, this amplifies the overall demand and students' aspirations. To give deserving students a chance, institutes are reinforcing strict measures to select only quality candidates, and high demand contributes to increased pricing.

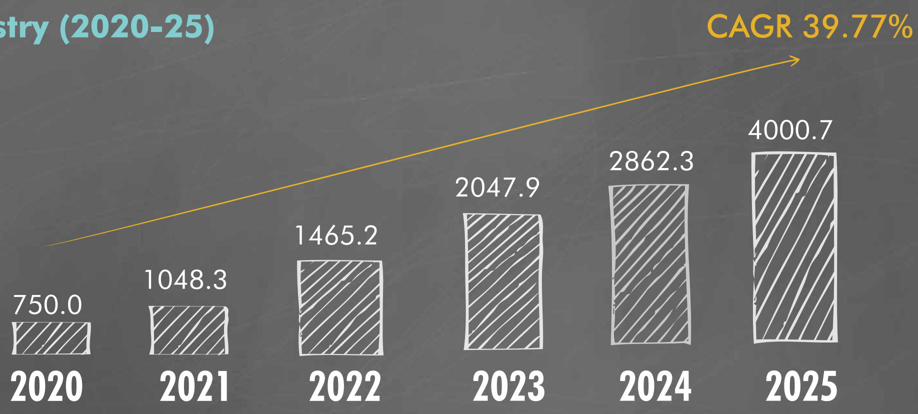
Increase in Demand for Upskilling and Reskilling

The demand for upskilling and reskilling has reached a new level, especially after the world witnessed the unprecedented impact of the pandemic. With the emergence of new ways of doing business, there are new skills that professionals need to possess to stay relevant in the marketplace. According to a report, 37% of the current workforce will require radically changed skill sets to meet their employment demands. Students too are all set to be future-ready by acquiring the in-demand skills along with degrees strengthening their domain knowledge. The demand for short-term upskilling courses and executive education programs has witnessed a significant surge and hence, the EdTech and edu-finance organisations have geared up for the same.

Digitisation and the Rise of EdTech

Education is no longer restricted to just physical classrooms. The sector witnessed maximum disruption during the pandemic, which paved the way for new-age pedagogies. According to IBEF, the Indian EdTech industry was valued at US$ 750 million in 2020 and is expected to reach US$ 4 billion by 2025 at a CAGR of 39.77%. This growth is driven by rising demand for non-academic courses from tier II & III cities and the need for personalisation in the EdTech space. Out of the projected market value of US$ 4 billion, US$ 1.5 billion will focus on K–12 (Kindergarten to Class 12), after-school foundational and pre-preparational courses.

US$ Million
Indian EdTech industry (2020-25)



With technology interventions, EdTech has shown unprecedented growth in India. We are second only to the US when it comes to e-learning. EdTech players have been partnering with content providers, individual subject experts, and diverse institutions to offer training and coaching to learners globally. The flexibility of learning from remote places has been propelling the market demand for this medium of learning. Digital learning platforms & Ed-tech have seen an era of development. Massive acquisitions and big investments in disruptive education ideas have taken place. Parents and students are inclined towards exploring these new offerings. Educational institutions may also begin collaborating with service providers to maximise student learning. Government initiatives, changing technology, and the economic landscape are leading to an uptick in vocational and skilling courses as well. A recent study highlighted that 79.4% professionals prefer upskilling to transition into a position. This reiterates the drive within the nation's workforce to prosper and the importance of education in professional growth. The working protocol of the new normal has given people a new direction to avail digital training and grow themselves with wide array of courses. There are various specialised courses for professionals and this augurs well for the country, as the educated workforce will unlock more opportunities for India. Increasing smartphone and internet penetration with lowering data cost is increasing digital adoption across the country which is acting in favour of the development of this sector.

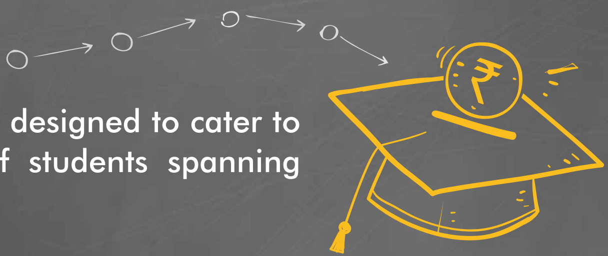
Government's Consistent Focus on the Indian Education Ecosystem

The Government of India has introduced a number of policies to support the education sector. The government allocated an expenditure budget of ~INR 38,350 crore (US$ 5.28 billion) for higher education and ~INR 54,873 crore (US$ 7.56 billion) for school education and literacy. It also allocated INR 3,000 crore (US$ 413.12 million) under the Rashtriya Uchchatar Shiksha Abhiyan (RUSA). During the Union Budget 2021-2022, the Government of India placed major emphasis on strengthening the country's digital infrastructure for education by setting up the National Digital Educational Architecture (NDEAR). The education sector witnessed a host of reforms and enhanced financial aid implemented by the government, which have the potential to transform the country's education ecosystem. With human resources increasingly gaining significance in the overall development of the country, the development of education infrastructure is expected to remain the key focus. Keeping this in mind, infrastructure investment in the education sector is expected to witness a considerable increase in the coming future.

Hyper-Personalised Education Financing Solutions

Avanse Financial Services Limited ("Avanse") is a new age, education-focused niche NBFC, regulated by Reserve Bank of India. The endeavour of the organisation has been to make education financing seamless and affordable for every deserving Indian student. Avanse's range of solutions covers the entire life cycle of a student from kindergarten to post-graduation. It also provides finance for the working and growth capital needs of educational institutes in India.

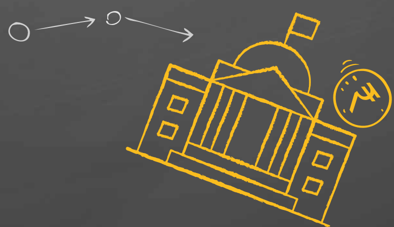
Education Loans



Education financing solutions are designed to cater to the entire education lifecycle of students spanning from school to post-graduation.

- Higher Education Loans for International and Domestic Studies
- Education Loans for E-Learning
- School Fee Financing
- Education Loans for Skill Development Courses

Education Institution Loans



Financing solutions for the working and growth capital needs of educational institutes in India.

Our Performance Overview

To create an institution with a long-term view, designed for continued operational efficiencies and sustainable profitable growth, Avanse is fundamentally focused on the following guiding pillars to build a strong franchise.

Governance, Risk, and Controllerships

Building and strengthening a strong corporate Governance Framework and Integrated Enterprise Risk Management. As a practice, the Risk Management Committee (RMC) of the company meets on a quarterly basis to discuss the holistic review of operational risks across all businesses and functions. As a part of the risk identification, measurement, and review process, the organisation has defined, metricised and measured comprehensive risk variables to be able to monitor, report, control, and mitigate in a timely manner.

Liability First Approach

Under this approach, Avanse has created an organisation and quality product portfolio which pro-actively addresses the needs of rating agencies and liability providers. Robust strategies have been framed to ensure width and depth in the organisation's borrowing approach. The company has always been focused on successfully managing the use of assets and cash flows to ensure timely pay-outs of all its liabilities and thus, has maintained a strong ALM with positive mismatches across all buckets.

Asset Build with a Strong Segment-led Approach

The company possesses a deep sector specialisation in the education financing domain and thus, understands, reaches, and services customers better with hyper-personalised product offerings. One of the unique aspects of this organisation is its student-centric approach to evaluating profiles for education loans. Rather than depending only on the co-borrower's financial background, the organisation evaluates the student thoroughly. As a part of this approach, the company evaluates the student's profile – past academic performance, entrance test scores, and the pedigree of university or institute and course. The organisation has set benchmarks in terms of fulfilling academic aspirations across 22,000+ courses in 3,000+ institutes across 50+ countries. Its services cater to the entire gamut of the education ecosystem from kindergarten to post-graduation, thereby, cultivating the education ecosystem of the country.

Avanse Financial Services has been strengthening and growing the existing education-focused business with a calibrated addition of new business segments with an optimal mix of risk, profit and robust asset quality. The organisation has been tracking and moving into significant white spaces in the education ecosystem within KG to PG levels.

Hybrid Operating Model (PHYGITAL Operating Model)

Hybrid operating model of Touch and Tech, comprising best practices of traditional lenders and new-age fintech players across the value chain to create a digitally agile and data-centric organisation to enable superior customer experience, and drive operational efficiencies while ensuring risk management and asset quality.

Business Performance Numbers

The total AUM of the organisation stands at INR 4,835.61 crore and it disbursed loans worth INR 2,927.24 crore. During this financial year 2021-22, the company added 1,35,106 new customers and provided the highest quality experience to them.

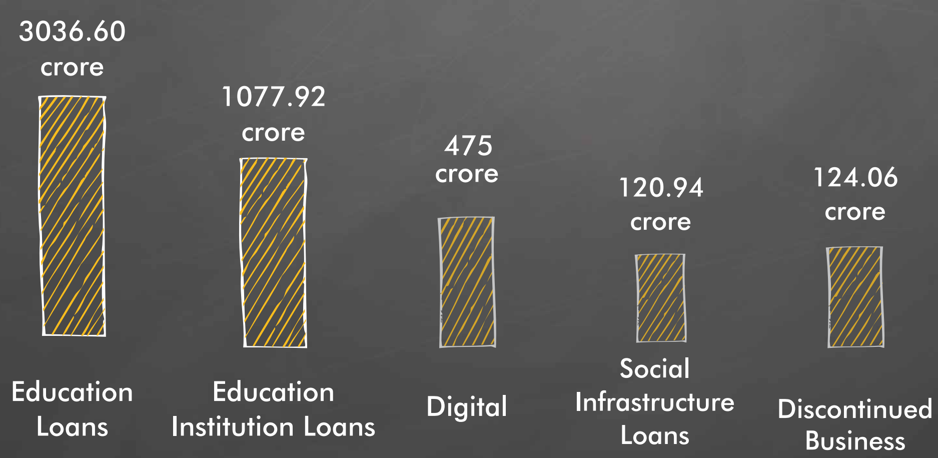
Education Loans

Avanse addresses the education needs of Indian youth by making education affordable and seamless across the entire education lifecycle of students spanning from school to post-graduation.

- Avanse has fulfilled the dreams of over ~2.5 lac academic aspirants across 3,000+ institutes and 22,000+ courses in over 50 countries, including the US, India, Canada, UK, and Australia.
- In partnership with leading Edtech/Fintech, Educational Institutes, and E-learning brands, Avanse provides a seamless digital customer journey and acts as a financing solutions provider by catering to a variety of segments including the vocational streams (such as self-learning, tutoring, upskilling, and employability-based programs) through seamless digital integration and an instant decision process
- As part of this business, Avanse has partnered directly/indirectly with more than 170 Ed-tech companies and has fulfilled the aspirations of ~1.25 lac end customers by providing financing solutions in an end-to-end digitally-enabled framework.

Education Institution Loans

Loans for financing the working and growth capital needs of educational institutes (primarily schools) in India. The company has funded ~1,000 educational institutions catering to ~5-6 lacs students.



Customer-Centricity is at the core of our business

Avanse Financial Services endeavours to deliver the highest quality experience to its customers and create consistent value for the stakeholders.

Customer-Centricity is the ability to understand the customers' situations, perceptions, and expectations. Being a customer-centric organisation, the company ensures that all the business processes are dedicated to providing the highest quality experience throughout their journey. Customers have always been at the focal point of all the decisions related to delivering products, services and experiences to create customer satisfaction, loyalty and advocacy.

CUSTOMER-CENTRICITY is one of the significant tenets of Avanse's 'SUCCESS ANCHORS' framework. Each employee of the company imbibes this framework in the day-to-day activities so that they can provide financing solutions to cater to the exact need and requirements of the customer. Led by customer insights, the company curates simple and easy-to-comprehend offerings and ensures that the solutions meet their needs in a nimble and intuitive manner. As a part of this journey, the company focuses on creating 'WOW' moments for the customers by going above and beyond every time they come to us to access tailor-made education financing solutions to fulfil their academic aspirations.

Scores across customer experience evaluation platforms

NPS	Trust Pilot	Google Reviews
81	3.7	4.4

Avanse's Customer-First Approach Resulted in HAPPY CUSTOMERS

I had a very good experience with Avanse Financial Services. The loan process was very smooth and easy. The terms & conditions and interest rates were good too. I am thankful to the team. Once again, I am very happy with Avanse Financial Services.

Sriveni Mandadi,

MS in Computer Science, New Jersey Institute of Technology, USA

I was in the process of availing an education loan to pursue my higher education in Canada. I got in touch with Avanse Financial Services; the sales representative got my loan sanctioned in no time and paid the course fee to my college. It was a swift and hassle-free process. I am very grateful to Avanse.

Shradha Agarwal,

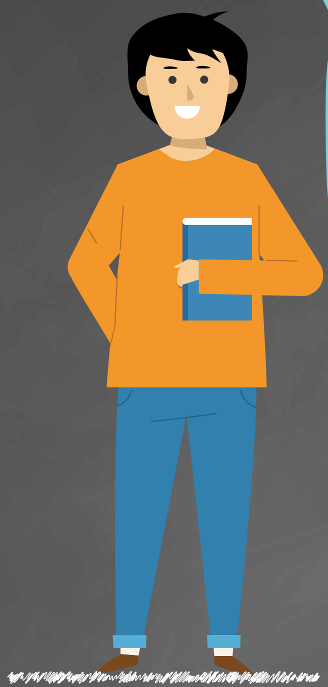
Master of Global Management, Royal Roads University, Canada

Very happy with the way they deal with their client. The rating for their work is 10 out of 10. Their staff is very friendly and helpful. They were professional in their work that can't be defined. They helped us and responded to our calls and messages frequently, which I would like to appreciate. Many things to say, but lastly, I will highly recommend Avanse to others. I also think they will always maintain this service.

Kundan Kumar Bhaskar,

MSc Data Science, University of the West of England, Bristol, UK

Avanse's Customer-First Approach
Resulted into HAPPY CUSTOMERS



Thank you Avanse Financial Services for providing me an education loan. I applied to a few education lending service providers, but Avanse Financial Services was very quick. They were always available to help me and answered my queries. The process of applying for an education loan was smooth. Avanse is the best lending partner to get a loan.

Rushikesh Pawar,
MSc in Marketing Analytics,
University of Stirling, Scotland

Avanse has been the financial institution which has made our dream as an educational institution a reality. Today we have 16 new classrooms, an air conditioned computer lab with 54 computers, a library with 15,000 books, restrooms for children. The project which has become the new face of our institution has happened because of Avanse.

Jackson Bezalial
Trustee- Little Jacky

Understanding The Customer Through Our PACE Initiative

PACE stands for PASSIONATE, ACCOUNTABLE, CAPABLE, & EMPATHETIC.
Each employee of Avanse Financial Services attended rigorous training modules to remain true to our commitment to delivering the highest quality experience to all our customers.
As a part of this module, we identify and appreciate employees who keep no stones unturned to deliver a seamless and hassle-free experience to our customers.

Asset Quality

The company employed a structured collection process wherein it reminds the customers of their payment schedules and performs predictive analytics to foresee the probability of default, which helps in obtaining early signals of potential defaults and initiating action to mitigate risks. In line with this, it invested in collection efficiency with a renewed focus to keep the NPAs on track as usual.

As of March 31, 2022, the company's GNPA is at 61.90 crore, which is 1.29% of the overall loan book. Out of the overall GNPA of 61.90 crores, a part of the book, 37.15 crores, has been discontinued, which is a non-education focused book. For the continued education-focused book, the GNPA stands at 0.53%. Overall Provision Coverage Ratio (PCR) stands at a very healthy rate of 59%.

Borrowing

The borrowing profile of the company continues to remain well diversified with an adequate mix of bank and capital market borrowings. During the financial year ended on March 31, 2022, the company raised money by way of issuance of commercial paper in a calibrated way primarily to support the short-term loan book of digital business. It closed the financial year with commercial paper borrowing of INR 25 crore. The company ensured that enough liquidity was available throughout the year not only to meet debt servicing requirements but also to support the strong demand from businesses. Total borrowings from banks in the form of term loans and cash credit stood at INR 2,264 crore and INR 20 crore respectively as on March 31, 2022. Similarly, total borrowings from Non-Convertible debentures and External Commercial Borrowings stood at INR 1,165 crore and INR 110 crore respectively.

The company's total borrowing stands at INR 3,584 crore, and all the decisions taken related to the segment have resulted in it becoming one of the leading education-focused and digitally agile NBFCs in the market.

Credit Ratings

As on March 31, 2022, the following table sets forth the company's credit ratings:

Rating Agency	Instrument	Credit Ratings
CARE Ratings	Long Term Secured Borrowings in the form of Bank Loans and Non-Convertible Debentures	CARE A+ (Stable)
	Sub-ordinated Non-Convertible Debentures	CARE A+ (upgraded from CARE A)
	Commercial Papers	CARE A1+
Brickworks Ratings	Long Term Secured Borrowings in the form of Non-Convertible Debentures	BWR A+ (Stable)
	Sub-ordinated Non-Convertible Debentures	BWR A+ (Stable)

During the financial year, the company was assigned the highest rating of CARE A1+ for its Commercial Paper borrowings programme from CARE Ratings. CARE Ratings upgraded the rating assigned to the company's Subordinated Non-convertible Debentures from CARE A to CARE A+ in September 2021.

Risk Management

Risk Management is an integral part of the company's business strategy. The risk management framework is steered by the Board through the Risk Management Committee (RMC). A comprehensive risk review is done by the RMC on a quarterly basis by comparing the risk parameters and appetite that the organisation has defined and analysing the reasons for their variances.

The Risk Management process is governed by the comprehensive Enterprise Risk Management framework and policy. It lays down guidelines for risk identification, assessment, and monitoring as an ongoing process that is supported by a robust risk reporting framework. Risk Management at the company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk, and other risks.

Liquidity Risk

The company may face an asset-liability mismatch due to a difference in the maturity profile of its assets and liabilities. It actively monitors its liquidity position to ensure that it can meet all borrowers and lenders-related fund requirements. The Asset Liability Committee (ALCO), comprising of senior management, lays down policies and quantitative limits and apprises the Audit Committee/Board periodically on the asset-liability mismatch and liquidity issues.

Interest Rate Risk

The company relies on resources raised from the banking system and market instruments to carry out operations. It is, therefore, significantly vulnerable to interest rate movements in the market. The funding strategies adopted by the company should ensure diversified resources raising options to minimise cost and maximise the stability of funds.

Credit Risk

Credit risk is a risk of loss due to the failure of a borrower to meet the contractual obligation of repaying debt as per agreed terms. Credit risk is managed by using a set of credit norms and policies of the company. The company has a structured and standardised credit approval process including customer selection criteria, comprehensive credit risk assessment, which encompasses an analysis of relevant quantitative and qualitative information to ascertain the creditworthiness of the borrower.

Operational Risk

Operational risk can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training, and employee errors.

Business Risk

Being an NBFC, Avanse Financial Services is exposed to various external risks which have a direct bearing on the sustainability and profitability of the company. Foremost amongst them are Industry Risk and Competition Risk. The volatile macro-economic conditions and changes in sector attitude in various economic segments can cause ups and downs in the business and result in loan asset impairment.

Internal Control Systems and Their Adequacy

Avanse has adequate and effective controls to provide reasonable assurance on the achievement of its operational, compliance, and reporting objectives. It ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of the transactions as per the authorisation, and compliance with the internal policies of the company.

The internal audit adopts a risk-based audit approach and conducts regular audits of all the branches/offices of the company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the company as well as the regulatory and legal requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and wherever necessary, these systems are strengthened and corrective actions are initiated according to the changing business needs from time to time.

Human Resources

Avanse Financial Services believes that its people are its competitive advantage. Human capital is one of the greatest and most important assets that is solely responsible for the smooth functioning of the business. As a part of this outlook, the organisation adopted a two-worded mantra, "PEOPLE CENTRICITY", which lies at its core. It has been focused on fostering a symbiotic environment that enhances the overall learning curve of the employees resulting in 'Return on Intelligence' while enabling 'Return on Capital' for stakeholders.

Avanse Financial Services believes in creating an environment that encourages people to implement innovative ideas and boost their entrepreneurial spirit. In line with this philosophy, the organisation has designed a robust Cultural Pillar framework to enable the people to grow both professionally and personally. The core values that the firm upholds are Governance, Accountability, Inclusivity, Meritocracy, Consistent Value Creation, and Happiness Quotient. This has helped Avanse create a 'one team, one experience' environment focused on creating value for the stakeholder ecosystem.

The organisation is well poised to achieve the vision of attaining leadership position in the education lending space by leveraging technology and building a high performance culture with human capital at its fulcrum. It believes that this can be done by defining and delivering on employee experiences so that the employees are motivated to serve customers better. During FY22, Avanse was recognised as one of the Great Place to Work®, a prestigious award based on what employees have to say about their work experience. The certification recognised the company's focus on delivering excellent employee experience with the help of its people-centric solutions. It is a true testament of building, sustaining and recognising High-Trust, High-Performance Culture™ at workplaces. It re-iterates that the recognised organisations are 'Employer of Choice' on the basis of comprehensive parameters and employee responses. This acknowledgement reinforces the message that Avanse Financial Services is on the right track towards creating a robust environment for the most important asset of the firm – its PEOPLE.

Similar to FY21, during FY22, the HR practice of the company continued to enhance employee experience by creating value proposition based on the 5C People Pillar framework – Connect, Celebrate, Care, Competition and Capability. Some of the key focus areas of team HR have been employee well-being, constant engagement, growth & development, capability building and robust talent management.

Connect: Engaging in conversation by increasing diversity in voices from across levels in the organisation. This enables employees to engage with other colleagues via underlying stories and narratives.

Celebrate: Creating a participative engagement in coherence with festivities and various other occasions. Avanse has been continuously building an appreciation culture and designing ways to celebrate, appreciate, recognise and encourage contributions made by its people.

Care: Creating a safe and healthy environment for Avanse employees. This had been designed to create a psychologically sound environment that ensured a feeling of well-being and valued as an individual.

Competition: Creating fun@work experiences for all Avanse employees, thus, ensuring positivity and boosting their morale through fun games and activities.

Capability: The organisation invests in human capital by partnering with institutes as well as by leveraging digital learning platforms. It launched Initiatives to enable employees to acquire digital skills to help bridge the skill gap if any.

Life at Avanse

Technology – One Of The Key Tenets For The Organisation

Avanse Financial Services has been and will continue to adopt new and emerging technology to fast-track operations and build efficiency. Over the years, the company has embarked on a significant transformative journey that challenged the norm and re-designed the way of doing business, thus driving a digital revolution across various business verticals. The organisation has been investing in technology to offer hyper-personalised products to its customers. One of the opportunities that technology provides is customer satisfaction and retention in the long run.

Right digital integration has enabled Avanse Financial Services to reach more number of customers via different channels. The omnichannel presence across online and offline platforms assist the company in connecting with all the primary, secondary and tertiary audience. Avanse focused on building customer-centric pre & post-purchase intuitive journeys to offer maximum control to them. The adoption of digital technology has also enabled the franchise to achieve faster sanction and disbursement turnaround time, which further enhanced customer delight.

Avanse Financial Services also collaborated with renowned industry players to automate the loan decisioning process to offer seamless education financing solutions. The implementation of AI-driven credit decisioning enables the company to administer credit more effectively. It further strengthens its technological advancement journey dedicated to providing a hassle-free experience to its stakeholder ecosystem.

Collection is another crucial parameter for business success. Hence, the organisation created an AI-ML-based platform that uses data to build perspective models to provide early warnings on customers who are most likely to default. This AI & ML-based collection platform is an initiative toward a bounce prediction model under risk analytics. It has been created to analyse and identify the accounts that might enter the Over Due (OD) stage. This analysis is conducted with the help of artificial intelligence and machine learning analytics. After the vulnerable accounts are identified, they are transferred to the next level. At this stage, the company reaches out to them for necessary reminders at regular intervals.

Data protection has gained significant importance during the past couple of years. Thus, robust data security strategies have been deployed to protect the company's information assets against cybercriminal activities. They are also guarded against insider threats and human error, which remains among the leading causes of data breaches today. The organisation has deployed tools and technologies that enhance its visibility into where its critical data resides and how it is used, apply protections like encryption, data masking, and redaction of sensitive files, and automated reporting to streamline audits adhering to regulatory requirements.

1.**Policy & Processes**
Avanse Board approved policies covering the protection of confidentiality, integrity, and availability

2.**Technology**
Encryption, data classification, data leakage prevention systems, network firewall, web application firewall, application security configuration, third-party cloud security assessment, Upguard, Breachsight assessment

3.**People**
- Designated CISO continuously working on improving data security
- Continuous awareness is conducted amongst employees to keep them abreast with the InfoSec prevention mechanism

4.**Data centre certification**
ISO 27001 certification deployed through IBM partner hosting Avanse customer databases

5.**InfoSec Certification**
CISSP (ISC2) & CISM (ISACA) best-in-class certification obtained by InfoSec resources

Corporate Social Responsibility

Being a responsible organisation, Avanse looks beyond just the profitable growth of the company and focuses on achieving holistic growth for the larger community in which it operates. In its endeavour to build a responsible, socially driven, and accountable organisation, it has taken steps toward creating a positive impact designed to benefit the larger society. Avanse Financial Services has collaborated with NGOs such as Samarthnam, MelJol, Muktangan, and Pride India as they have been doing incredible work in supporting the underprivileged community.

According to the National Statistics Office, 2.2% of India's population lives with some kind of physical or mental disability. Further, according to UNESCO's 'State of the Education Report for India: Children with Disabilities' (2019), 75% of children with disabilities do not attend schools in India. It is critical to bridge the gap between disability and education, to ensure empowered lives for the differently abled. Understanding this crucial need, Avanse Financial Services partnered with Samarthanam Trust in January 2020 and since then it has been working closely with this NGO to make quality education accessible for specially-abled students. With the help of this collaboration, Avanse endeavours to enable these students to become self-reliant and walk towards a brighter future. The organisation has been providing continuous support to high school students aged 17 to 20. With Pride India, Avanse has been strengthening Zilla Parishad schools in Mahad Block of Raigad District for better learning outcomes through the implementation of the Smart School concept. Similarly, with MelJol, Avanse has been working with 40 Ashram schools in the Palgarh district, and with the help of Muktangan, it has been offering primary education to children and training teachers, especially women, to serve the agenda of "education for the community, by the community".

The initiatives designed along with the renowned NGOs are well poised to support the underserved community to enable them to **"Aspire Without Boundaries"** and thus, achieve the desired goals of their lives. The organisation successfully reached out to over ~2,991 beneficiaries through various programs during FY22.

Outlook

Our young nation, consisting of ~580 million people within the age bracket 5-24, is seen zealously marching to be Atmanirbhar by accessing quality education from world-class universities. The education landscape is well supported with a robust network of ~367 universities and ~18,000 colleges to positively influence the lives of young minds. With the ever-increasing ambitions of students, Indian parents placing great emphasis on education and support of governmental policies, the education industry is set to grow exponentially. The pandemic failed to slow down the passion of the Indian students as the total gross enrolment, as per The All India Survey on Higher Education (AISHE) 2019-20, is ~3.84 crore as compared to ~3.74 crores in the previous year. This upsurge in demand can be witnessed among the study abroad students too. Back in 2020, ~2.60 lac Indian students were studying abroad, this number rose to ~4.45 lac students in 2021, which is already at ~1.33 lac as of March 2022 and this is expected to grow further.

We have witnessed a change in student behaviour, bringing quality education to the centre stage. Gen Z, the always-online population, aspires to pursue their higher education from premier educational institutes in India or abroad instead of settling for lesser-known colleges. The young learners aspire to seek impeccable education through highly-acclaimed education programmes taught by world-class experts to be future-ready. The passion for developing competitive skills, distinct personality, and transforming the world with their innovative mindset has encouraged the youth to chase their academic aspirations to be prepared to work in the dynamic business world.

The overall EdTech space has been a key enabler of the education sector for the past two years. Although EdTech companies existed in the pre-pandemic era, they predominantly changed the education system during the unprecedented health crisis by introducing digital learning. The new-age digital learning platforms have introduced Life Long Learning to the world. The demand for skilling, upskilling and reskilling programmes soared in a race to stay relevant and be future-ready. All these factors along with the education inflation, which currently stands at a whopping ~12%, collectively encouraged the student fraternity to opt for an education loan to turn their academic dreams into reality. These are some of the factors responsible for a positive outlook pointing toward a buoyant educational finance market in the near-term.

The company's efficient risk management framework led to improved accuracy and robust processes, which further enhanced the portfolio quality. In sync with the spirit of the organisation's purpose, Avanse heavily invested in strengthening its digital framework to offer a hyper-personalised experience to its customers. During FY22, the company observed the market closely and ensured to leverage every opportunity to remain true to its mission. Its deep domain expertise enabled it to gear up for the evolving demands of the student fraternity to pursue their pre-pandemic academic aspirations. With the help of its collaborative approach, innovative mindset, entrepreneurial spirit, execution-focus, customer-centricity, and strategic orientation, the company achieved robust business performance numbers and acquired new customers for all its business verticals during FY22.

The company envisions capturing a wider market to enable the student fraternity to fulfill their academic dreams and strengthen the domestic education delivery system. An increase in awareness, disposable income, and financial institutions' hyper-personalised education financing solutions provide the necessary impetus for students to fulfill their educational aspirations. In the short term (12-18 months), the company intends to work closely on capital preservation, efficiency & balance sheet protection, calibrated disbursement in line with market outlook and optimised expense management, while in the medium to long-term (3-5 years) Avanse is expected to grow at a CAGR 20-25%. For FY 22, Net Promotor Score is at 68 i.e., 11% higher than FY 21; on March 22 the NPS was at the highest ever of 80.

AWARDS & ACCOLADES

Won "Education Infrastructure Loan Company of the Year" – NBFC & Fintech Awards 2022 by Quantic

Recognised as "Best Brands" by The Economic Times in the year 2021

Won "Best COVID-19 Project Team" presented by Feather Touch in the year 2021

Certified as a "Great Place to Work®" in the year 2021

Avanse CEO recognised as one of India's "Best Leaders in Times of Crisis 2021" by Great Place to Work®

Avanse CEO recognised as one of the "Inspiring CEOs 2021" by The Economic Times

AWARDS & ACCOLADES

Won "Education Lending Company of the Year" – BFSI Excellence Awards 2021 by Quantic

Recognised for innovating "Enhanced Education Financing Solution" in the year 2021 – Banking Frontiers

Won "National Awards for Excellence in CSR" in the year 2021 - World CSR Congress

Awarded as "Best in Managing Healthcare" at Work in the year 2021 - Asian Leadership Awards

Won "InfoSec Maestros Award" by CIOAXIS in the year 2021

Won "Cyber Security Top 100 Defender" by CISOCONNECT in the year 2021

DIRECTOR's REPORT

To,

The Members,

Your Directors have the pleasure in presenting the Annual Report on the business and operations of your Company for the Financial Year ended March 31, 2022.

Financial Performance

The key highlights of the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 and a comparison with the previous Financial Year ended March 31, 2021 are summarized below:

Particulars	2021-22 (₹ in Cr.)	2020-21 (₹ in Cr.)
Total Income	508.54	438.89
Total Expenditure	423.08	390.34
Profit Before Tax	85.46	48.55
Profit After Tax	63.21	37.89
Other Comprehensive Income	1.16	0.29
Transfer to Reserve as per Section 45- IC (1) of RBI Act	12.64	7.58

Dividend

In order to conserve resources for future growth, the Board of Directors has not recommended any dividend on equity shares for the financial year 2021-22.

Review of Business Operations

The Company is a new age education focused Non-Banking Financial Company ("NBFC") registered with RBI that provides seamless and affordable education financing for every deserving Indian student During the Financial Year 2021-22, the Company delivered a robust all-round performance, emerging stronger from the crisis, which is reflected in the following snapshot.

The Company strategised and implemented various processes which helped it strengthen its overall Assets Under Management (AUM), which stands at as at ₹4,835.61 crore as on March 31, 2022 as compared to ₹3,103.35 crore in the previous year.

During the Financial Year 2021-22, the company disbursed education loans for ₹2927 crore as compared to ₹ 976 crore in the previous Financial Year and recorded a growth of 200%.

The overall portfolio grew by 56% y-o-y.

The Company recorded a Total Income of ₹508.54 crore as compared to ₹438.89 crore in the previous Financial Year.

The Net Interest Income reported for the period was ₹186.56 crore as compared to ₹126.44 crore in the previous Financial Year.

The Profit before tax increased by 76% from ₹48.55 crore in the previous Financial Year to ₹85.46 crore in the current Financial Year.

The Profit after tax increased by 67% from ₹37.90 in the previous Financial Year to ₹63.21 crore in the current Financial Year.

The Net Worth of the Company as on March 31, 2022 stood at ₹1,009.66 crore as compared to in ₹941.60 in the previous Financial Year.

The Gross Non-Performing Assets (GNPA) as on March 31, 2022 was ₹61.90 crore equivalent to 1.29% of the total loan book of the Company.

The Net Non-Performing Assets (NNPA) as on March 31, 2022 stood at ₹25.19 crore resulting in NNPA of 0.53%.

The Company's capital adequacy ratio (CAR) stood at 22.96% as on March 31, 2022 of which Tier I capital was 21.61% and Tier II capital was 1.35%

The Company's total ECL provision/POS as of March 31, 2022 stands at 1.55% as compared to 1.99% as of March 31, 2021

The company's student-centric approach aided it in securing ~1.3 lac active customers during this phase. The Company has fulfilled the educational dreams of ~2.5 lac academic aspirants across 3,000+ institutes and 22,000+ courses in 50+ countries. The Company has also provided growth and working capital to ~1K educational institutes catering to over 5-6 lakhs students. Detailed information on the operations of the business and the state of affairs of the Company are covered in the Management Discussion and Analysis Report.

Transfer to Reserve

The Board of Directors transferred ₹12.64 crores as per section 45-IC of The Reserve Bank of India Act, 1934 to the Special Reserve of the Company for the year ended March 31, 2022.

Credit Rating

The Company's credit ratings are a positive reflection of its prudence, strong net worth base, adequate capitalisation and financial discipline.

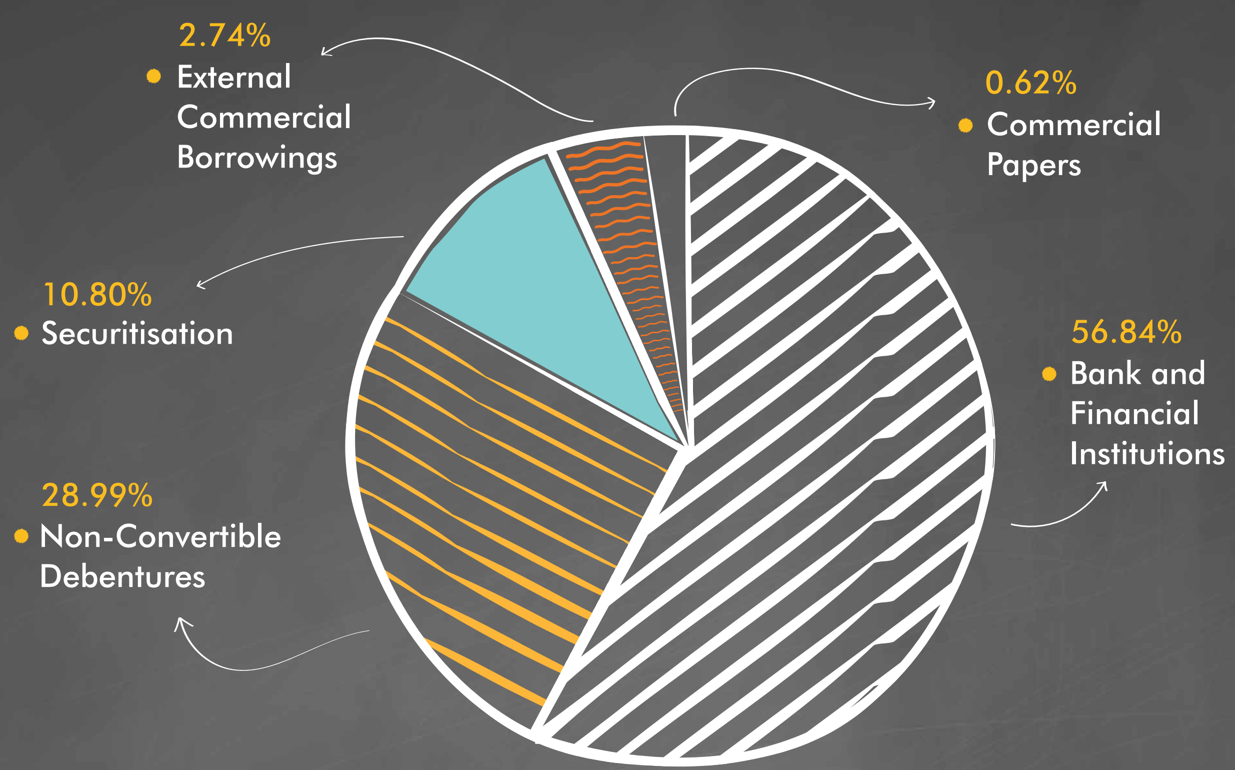
Rating Agency	Instrument	Credit Ratings
CARE Ratings	Long Term Secured Borrowings in the form of Bank Loans and Non-Convertible Debentures	CARE A+ (Stable)
	Sub-ordinated Non-Convertible Debentures	CARE A+ (upgraded from CARE A)
	Commercial Papers	CARE A1+
Brickworks Ratings	Long Term Secured Borrowings in the form of Non-Convertible Debentures	BWR A+ (Stable)
	Sub-ordinated Non-Convertible Debentures	BWR A+ (Stable)

During the Financial Year under review, the Company was assigned the highest rating of CARE A1+ for its Commercial Paper borrowings program from CARE Ratings. CARE Ratings upgraded the rating assigned to the company's Sub-ordinated Non-convertible Debentures from CARE A (Stable) to CARE A+ (Stable) in September 2021.

Sources of Funds

The Company's borrowing philosophy continues to remain prudent with emphasis on long-term borrowings to ensure robust asset liability management, well-diversified funding sources and maintenance of sufficient liquidity. The company also ensured that the liquidity buffer maintained is sufficient not only to meet its debt servicing obligations but also to provide enough cover for strong business demand. The debt profile remains long-term in nature keeping in mind the long-term nature of assets in order to maintain a robust asset-liability management profile. Term Loans from Banks and Financial Institutions count for 56.84% of total borrowings followed by 28.99% in the form of Non-convertible Debentures, 10.80% in the form of Securitisation, 2.74% in the form of External Commercial Borrowings and 0.62% in the form of Commercial Papers. The Company actively accessed the securitisation market during the Financial Year and raised funds by way of securitisation (Pass-Through Certificates).

Sources of Funds



A Loan from Bank/Financial Institution

During the year under review, the Company received sanctions for term loan of ₹ 1,635 crore and Cash Credit/ Working Capital Demand Loan of ₹ 21 crore from Banks/financial institutions, of which the Company availed loans of ₹ 1,330 crore. The outstanding bank loan as on March 31, 2022 was ₹2,284 crore. The Bank Loans have been assigned the rating of 'CARE A+/ Stable' by CARE Ratings Limited.

Non-Convertible Debentures

During the financial year 2021-22, the Company issued Secured Non-Convertible Debentures (NCDs) amounting to ₹635 Crores on private placement basis. The NCDs are listed on the Wholesale Debt Market Segment of BSE Limited. The Company has been regular in the payment of principal / interest towards all the outstanding NCDs. As on March 31, 2022 the total outstanding Secured NCDs are ₹1,090 Crores and the total outstanding Subordinate Debt is ₹75 Crore. Non-Convertible Debentures were primarily issued to domestic financial institutions such as Mutual Funds, Banks, Small Finance Banks etc. During the financial year CARE ratings upgraded its rating assigned to Company's Long Term Sub-ordinated Non-Convertible Debentures from CARE A to CARE A+. Secured Long Term Non-Convertible Debentures continue to remain at CARE A+ and BWR A+ from CARE Ratings & Brickworks Ratings respectively.

External Commercial Borrowings

During the Financial Year 2021-22, the Company has not availed any incremental External Commercial Borrowings. The total outstanding amount of External Commercial Borrowings stood at ₹ 110 crore as on March 31, 2022. The Outstanding External Commercial Borrowings have been raised from a US-based financial institution in social impact category and is guaranteed by US International Development Financial Corporation (DFC).

Commercial Paper

The face value of the Commercial Papers outstanding as on March 31, 2022 was ₹25 crore as compared to NIL as on March 31, 2021. The Company has listed its commercial papers with the BSE Limited. The Company's Commercial Papers have been assigned the highest rating of "CARE A1+" by CARE Ratings Limited.

Securitisation/Assignment

The Company has actively accessed the securitisation market to raise long-term funds with matching asset maturity profiles. During the Financial Year 2021-22, the Company raised funds by way of securitisation (Pass Through Certificate) and received ₹535 crore as purchase consideration. The pools were rated as CRISIL AA (SO) by CRISIL. These pools were sold based on the revised guidelines issued by RBI on September 24, 2021.

Equity Share Capital

Authorised Share Capital

The Authorised Share Capital of the Company consists of Equity Share Capital of ₹100,00,00,000 divided into 10,00,00,000 Equity Shares of ₹10/- each.

Issued, Subscribed and Paid-up Share Capital

During the Financial Year 2021-22, there was no further issue of equity share capital. The issued, subscribed and paid-up share capital of the Company as on March 31, 2022 stands at ₹82,59,18,610/- comprising of 8,25,91,861 equity shares of face value ₹10/- each.

Stock Options

During the year under review, pursuant to "Avanse Financial Services Limited - Employee Stock Option Plan 2019" (ESOP - 2019), Nomination Remuneration and Compensation Committee has granted 4,13,451 stock options under ESOP 2019 to the eligible employees of the Company. Pursuant to the provisions of the Companies Act, 2013 and rules made thereunder, details of ESOP 2019 are attached as Annexure I.

Number of Meetings of the Board

During the year under review, 6 (six) Board Meetings were convened and held on May 06, 2021, August 05, 2021, September 02, 2021, October 28, 2021, February 01, 2022 and March 24, 2022. All the meetings were held in a manner that not more than 120 days lapsed between two consecutive meetings. The required quorum was present at all the above meetings.

Change in the Nature of Business, If Any

There was no change in the nature of business of your company during the financial year 2021-22.

Insurance Regulatory and Development Authority of India (IRDAI) Regulatory Guidelines

The Company is registered with IRDAI as Corporate Agent (Composite) and the Registration No. is CA0445. The Company act as a Corporate Agent of Pramerica Life Insurance Ltd, NAVI General Insurance Ltd. and ICICI Lombard General Insurance Company Ltd. The Company has complied with all the applicable Rules and Regulations prescribed by IRDAI.

Material Changes and Commitments affecting the Financial Position of the Company

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this report.

Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Internal Financial Controls

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Auditors of the Company for the inefficiency or inadequacy of such controls.

Details of Subsidiary/Joint Ventures/Associate Companies

During the year under review, the Company does not have any Subsidiary, Associate or Joint venture Companies.

Deposits

The Company has neither accepted nor renewed any deposits from the public during the year and in the past. Hence there are no unclaimed or unpaid amounts lying in the accounts of the Company.

Statutory Auditors

RBI issued guidelines on appointment of statutory auditor(s) by NBFCs vide its circular RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('Circular'/'Guidelines'). RBI has given flexibility to NBFCs to adopt these Guidelines from H2 (second half) of the Financial Year 2021- 22 in order to ensure that there is no disruption in accounting and ongoing auditing. Accordingly, the NBFCs shall appoint Statutory Auditors for a continuous period of three years from Financial Year 2021-22.

In terms of the aforesaid Circular, statutory auditors in the case of NBFCs will have to be appointed for a continuous period of three years in one term after which there shall be a cooling-off period of six years during which such auditor shall not be appointed in such entity.

As a result, the Statutory Auditors of the Company M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) who were appointed in accordance with Section 139 of the Act for a term of five years from the conclusion of the 25th Annual General Meeting till the conclusion of the 30th Annual General Meeting of the Company, have completed their specified term in consonance with the aforesaid RBI Circular.

Pursuant to the aforesaid RBI Circular, the Shareholders of the Company at its 28th Annual General Meeting appointed M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005) as Statutory Auditors of the Company for the term of three consecutive years from the conclusion of 28th Annual General Meeting until the conclusion of 31st Annual General Meeting.

As per the Companies Amendment Act, 2017, the Company is no more required to ratify the appointment of Statutory Auditors at the Annual General Meeting and they will continue as auditors of the Company for the remaining term.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act, and the Rules made thereunder, the Company has appointed M/s. HSPN & Associates LLP, Practicing Company Secretaries as the Secretarial Auditor of the Company. The Secretarial Audit Report in form MR-3 and Secretarial Compliance Report in compliance with Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations") is annexed as Annexure 'II' and forms an integral part of this Report.

Extract of the Annual Return

Pursuant to Section 92(3) and Section 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the extract of Annual Return as at March 31, 2022 in the prescribed Form MGT 7 is available on the Company's website – www.avanse.com.

Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Outgo

The Company being an NBFC, its operations are not energy intensive and hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not provided in this Board's Report.

Technology Absorption

The Company actively engages itself towards technology advancements to serve its customers better and to create a technology-friendly environment for its employees who in turn help them to manage the processes efficiently and economically.

Further, for the year ended March 31, 2022, there have been no foreign exchange earnings, however, there has been an outflow towards interest on ECB borrowings.

Directors & Key Managerial Personnel ("KMP")

Directors

The composition of the Board is in accordance with Section 149 of the Act and Regulation 17 of SEBI LODR Regulations with an appropriate combination of Executive, Non-executive and Independent Directors. The Board of the Company comprises of six Directors, consisting of four Independent Directors (including two Women Directors), a Non-Executive Director and a Managing Director, and CEO as on March 31, 2022 who bring in a wide range of skills and experience to the Board.

The Board of Directors of the Company as on March 31, 2022 comprises:

Name of the Director	DIN	Designation
Mr. Neeraj Swaroop	00061170	Chairperson and Independent Director
Mr. Amit Gainda	09494847	Managing Director and CEO
Ms. Vijayalakshmi R. Iyer	05242960	Independent Director
Ms. Savita Mahajan	06492679	Independent Director
Mr. V. Ravi	00307328	Independent Director
Mr. Narendra Ostawal	06530414	Non- Executive Director

Change in Directors

The Shareholders of the Company at the 28th Annual General Meeting ("AGM") held on September 06, 2021, approved the appointment of Mr. Ravi Venkatraman (DIN: 00307328) and the re-appointment of Ms. Savita Mahajan (DIN: 06492679) as the Independent Directors of the Company. Based on the recommendation of the Nomination Remuneration and Compensation Committee, the Board of Directors, at its Meeting held on February 01, 2022, approved the appointment of Mr. Amit Gainda as an Additional Director and as the Managing Director of the Company, subject to receipt of his DIN and the approval of RBI, up to the date of July 29, 2024, and had also approved the terms and conditions of his appointment.

Further, Mr. Gainda had been allotted DIN 09494847 by the Ministry of Corporate Affairs on February 05, 2022, and the Company had received the approval for the said appointment of Mr. Gainda from the RBI on March 02, 2022. Accordingly, Mr. Gainda's appointment as an Additional Director and the Managing Director of the Company is effective from March 02, 2022. The regularisation and appointment of Mr. Amit Gainda as the Managing Director will be placed in the 19th Extra-ordinary General Meeting of the Shareholders of the Company to be held on May 06, 2022. In compliance with the provisions of the Act, Mr. Narendra Ostawal will retire by rotation at the ensuing AGM and be eligible to offer himself for re-appointment.

Mr. Neeraj Swaroop (DIN 00061170) and Ms. Vijayalakshmi Iyer (DIN 05242960) ("Independent Directors") were appointed as the Independent Directors of the Company at the AGM held on September 26, 2019 for the period of 3 (three) consecutive years effective from July 30, 2019. Accordingly, the tenure of the Independent Directors is to expire on July 29, 2022. Pursuant to the provisions of Section 149 and other applicable provisions of the Act, for the re-appointment of Independent Directors for the second term approval of the shareholders by way of passing a special resolution is required. Based on the recommendation of the Nomination, Remuneration and Compensation Committee & evaluation carried out, the Board proposes the re-appointment of Independent Directors of the Company for another term of 5 (five) consecutive years effective from July 30, 2022.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and that they hold highest standards of integrity. In terms of the provisions of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended from time to time, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs ("IICA"), Manesar. None of the Independent Directors of the Company are required to give online proficiency test.

The requisite resolutions for the re-appointment of the Directors and their brief profiles have been included in the notice of the ensuing AGM. All the Directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Act.

KMP

As on March 31, 2022, Mr. Amit Gainda - Managing Director & CEO, Mr. Vineet Mahajan - Chief Financial Officer, and Mr. Vikas Tarekar - Company Secretary are the KMP of the Company in terms of Section 2 (51) of the Act.

Changes in KMP

During the Financial Year 2021-22 following are the changes in the KMP of the Company:

- Mr. Rahul Bhapkar resigned as Chief Financial Officer of the Company with effect from June 01, 2021;
- Mr. Rakesh Dhanuka resigned as Company Secretary of the Company with effect from August 06, 2021;
- Mr. Vikas Tarekar was appointed as Company Secretary of the Company with effect from September 02, 2021;
- Mr. Vineet Mahajan was appointed as Chief Financial Officer of the Company with effect from September 22, 2021;
- Mr. Amit Gainda, Chief Executive Officer of the Company was appointed as the Managing Director & Chief Executive Officer of the Company with effect from March 02, 2022.

Policies and Codes

In terms of the applicable provisions of the RBI Master Directions, circulars/regulations/guidelines issued by SEBI including SEBI LODR Regulations, provisions of the Act, and other laws applicable to the Company and as a part of good corporate governance to ensure strong internal controls, the Board has adopted several codes/policies/guidelines and has also reviewed the same from time to time, which among others include the following:

Internal Guidelines of Corporate Governance

In terms of Chapter XI of the Master Direction - NBFC - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has in place Board-approved Internal Guidelines of Corporate Governance and the same can be accessed from the website of the Company www.avanse.com.

Code of Conduct for the Board and Senior Management Personnel ("SMP")

Pursuant to the provisions of Regulation 17(5) of the SEBI LODR Regulations, the Company has adopted Code of Conduct applicable to the Board of Directors and the SMP of the Company. The Code provides guidance to the Board and SMP on matters relating to professional conduct, ethics, and governance. The Code can be accessed from the website of the Company www.avanse.com.

Details of Establishment of Vigil Mechanism/ Whistle Blower

Pursuant to the provisions of Section 177 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 the Company has adopted a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Policies. It also provides for adequate safeguards against the victimisation of persons who use this mechanism and direct access to the Chairperson of the Audit Committee in exceptional cases. Whistle Blower Policy is available on Company's website www.avanse.com.

During the year, no person was denied access to the Audit Committee to express concerns or report grievances under the Whistle Blower Policy and/or vigil mechanism.

Nomination & Remuneration Policy

Nomination Remuneration and Evaluation Policy of the Company is attached as "Annexure III".

Policy on Prevention of Sexual Harassment at Workplace and Disclosures Under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

As a part of HR Policy and for Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace, the Company has framed a Policy on Prevention of Sexual Harassment Policy at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted an Internal Complaints Committee (ICC) under the provision of the said act. Further, considering the geographic presence in India the Company has also constituted Regional Internal Complaints Committees. During the Financial Year 2021-22, nil complaint was received by ICC.

Policy on Corporate Social Responsibility (CSR)

The Company believes in integrating its business model with the social welfare of people and the society in which it operates. The CSR Policy including the composition of the CSR Committee is uploaded on the Company's website www.avanse.com.

The CSR Committee comprises of three directors viz., Ms. Savita Mahajan, Mr. Ravi Venkatraman, and Mr. Narendra Ostawal. During the Financial year 2021-22, two Meetings of the CSR Committee were convened. The attendance record of members is given in the Annual Report on CSR activities.

In terms of the provisions of the Act read with amended Companies (Corporate Social Responsibility Policy) Rules, 2014, the 'Annual Report on CSR activities' in the format prescribed under Annexure V of the said Rules is annexed to this Report.

The Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the Board for the Financial Year 2021-22.

Declaration by Independent Directors

The Independent Directors have submitted the declaration of independence, as required under Section 149 of the Act, stating that they meet the criteria of independence as provided in the said section.

Performance Evaluation

Pursuant to the provisions of the Act, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and individual Directors for the Financial Year 2021-22. The evaluation framework was aligned with the Guidance Note on the Board Evaluation issued by the Securities and Exchange Board of India. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure,the effectiveness, of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc. The Board of Directors reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful, and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, the performance of non-independent directors, performance of the board as a whole, and performance of the Chairperson were evaluated taking into account the views of Non-Executive Directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Particulars of Loans, Guarantees or Investments

The Company, being an NBFC registered with the RBI and engaged in the business of giving loans, is exempt from the provisions of Section 186 of the Act and rules made thereunder. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been made in this report.

Particulars of Contracts or Arrangements with Related Parties

No Related Party Transactions (RPTs) were entered into by the Company during the year under review which could have attracted the provisions of Section 188 of the Act. Further, there being no 'material' RPTs as defined under Regulation 23 of SEBI Listing Regulations, there are no details to be disclosed in form AOC - 2 in that regard. The Company's Policy on materiality of RPTs and dealing with RPTSs is available on its website www.avanse.com.

Corporate Governance

Report on Corporate Governance of the Company forms an integral part of this report and is annexed as "Annexure IV".

Particulars of Employees Remuneration

In accordance with the provisions of Section 197(12) of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details containing, inter alia, ratio of remuneration of Directors and KMP to median remuneration of employees, percentage increase in the median remuneration are set out in "Annexure VI" to this Report.

Details of top ten (10) employees in terms of remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, containing details prescribed under Rule 5(3) of the said Rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors of the Company confirm that:

- in the preparation of the annual accounts for the year ended March 31, 2022, the applicable Accounting Standards have been followed along with proper explanation relating to material departures if any;
- the directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2022 and of the profit of the Company for that period;
- proper and sufficient care has been taken 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;

- the Annual financial statement has been prepared on a going concern basis;
- internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- proper systems to ensure compliance with the provisions of the applicable laws are in place and the same are adequate and operating effectively.

Comments by the Board on qualification, reservation or adverse remark in the reports

Auditors Report

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2022. The Notes on the financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. Further, there was no fraud reported by the auditors under sub-section (12) of Section 143 of the Act, therefore no comment by the Board thereon is required.

Secretarial Audit Report

There were no qualifications, reservations or adverse comments made by the Secretarial Auditor of the Company in their audit report for the FY 2021-22.

Compliance with Secretarial Standards

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

Acknowledgements

Your Directors take this opportunity to thank the Company's Customers, Bankers, and other Lenders, Members for their continued support and faith reposed in the Company during the tough time due to adverse macro-economic conditions. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels. The Directors would also like to thank The Reserve Bank of India and other regulators, stock exchange and other statutory bodies for their cooperation, guidance and support during the year under review.

For and on behalf of the Board of Directors

Neeraj Swaroop
Chairperson and Independent Director
(DIN 00061170)

Amit Gainda
Managing Director & CEO
(DIN: 09494847)

Date: August 02, 2022
Location: Mumbai

Annexure

Annexure I

Details Of Employees' Stock Option Scheme Pursuant To The Provisions Of The Companies (Share Capital And Debentures) Rules, 2014 As On March 31, 2022

Details	ESOP 2019
Options Granted	43,05,964/-
Options Vested	8,33,107
Options Exercised	Nil
Total number of shares arising as a result of exercise of option	Nil
Options Lapsed	4,98,561/-
Exercise price	230
Variation of terms of option	Nil
Money realized by exercise of option	Nil
Total number of option in force	38,07,403/-

Employee-wise details of options granted to

Key Managerial Personnel

Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year Identified employees who were granted option,

during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant

For and on behalf of the Board of Directors

Neeraj Swaroop
Chairperson
(DIN 00061170)

Amit Gainda
Managing Director & CEO
(DIN: 09494847)

Date: August 02, 2022
Location: Mumbai

Annexure II

SECRETARIAL AUDIT REPORT

Form No. MR -3

FOR FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)]

To,

The Members,

AVANSE FINANCIAL SERVICES LIMITED.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AVANSE FINANCIAL SERVICES LIMITED (hereinafter called "The Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers and minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2022, to the extent applicable provisions of:

- The Companies Act, 2013 ("The Act") the applicable and effective Amendments and the Rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- The following Regulations and Guidelines are prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company:
  - The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;
  - Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - The Company has complied with the requirements under the Debt Listing Agreement entered into with BSE LIMITED

- The Management has identified and confirmed the Sector-Specific Laws as applicable to the Company being in NBFC-ND-SI Sector as given in Annexure – 1.

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

Secretarial Standards 1 and 2 as issued and revised by The Institute of Company Secretaries of India with effect from 1st October 2017.

- The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended and made effective from time to time including the applicability of Regulation 16 to 27 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 on Comply or Explain Basis.

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

We further report that

The Board of Directors of the Company is constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the year under review, the Company appointed Mr. Ravi Venkatraman (DIN 00307328) as a Non-Executive Independent Director of the Company for a term of 5 (Five) consecutive years with effect from July 5, 2021. The Board of Directors of the Company appointed Mr. Amit Gainda, CEO of the Company, as a Managing Director of the Company w.e.f. 2nd March; 2022 to 29th July; 2024 subject to the approval of Shareholders.

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

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

We further report that during the year under review

- The 28th Annual General Meeting of the Company for the financial year ended 31st March 2021 was held on 06th September 2021;
- The Members at the 28th Annual General Meeting of the Company approved;
  - The Appointment of Mr. Narendra Ostawal (DIN: 06530414) who retires by rotation and being eligible, offered himself for re-appointment at the 28th AGM;
  - The Appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors of the Company to hold office for three consecutive years from the conclusion of 28th Annual General Meeting until the conclusion of 31st Annual General Meeting;
  - The Appointment of Mr. Ravi Venkatraman (DIN 00307328) as a Non-Executive Director of the Company for a term of 5 (Five) consecutive years with effect from 5th July 2021;
  - Authority to the Board, pursuant to the provisions of Section 42, 71 and other applicable provisions approved the issuance and allotment of Secured / Unsecured / Perpetual / Senior / Subordinated Non-Convertible Debentures / Bonds ("NCDs") up to an amount of ₹1000 Crore (Rupees One Thousand Crore only), for cash on Private Placement Basis, for the period of one year from the date of this approval, in one or more tranches/series;
  - The Appointment of Ms. Savita Mahajan (DIN 06492679) as a Non-Executive Independent Director of the Company for a term of 5 (Five) consecutive years with effect from 1st December 2021;
- Mr. Rahul Bhapkar, Chief Financial Officer and Key Managerial Personnel resigned from his office w.e.f 31st May, 2021. Further, Mr. Vineet Mahajan was appointed as a Chief Financial Officer and Key Managerial Personnel of the Company w.e.f 22nd September, 2021. Mr. Rakesh Dhanuka, Company Secretary and Compliance officer resigned from his office w.e.f 6th August, 2021. Further, Mr. Vikas Tarekar was appointed as a Company Secretary and Compliance Officer of the Company w.e.f 2nd September, 2021
- M/s. Deloitte Haskins & Sells LLP, Statutory Auditors of the Company, ceased their office as Statutory Auditors w.e.f. 6th September, 2021 by virtue of RBI Circular No. RBI/2021-22/25 Ref. No. DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021

- Mr. Harsh Bajpai Compliance Officer as per RBI Master Direction – NBFC – SI -Non-Deposit taking Company and Deposit taking Company (RBI) Directions 2016 and Principal Officer as per RBI Master Direction – Know Your Customer (KYC) Directions 2016, in terms of the provisions of Prevention of Money Laundering Act, 2022 resigned from his position as Compliance Officer and Principal Officer w.e.f September 20, 2021. Further Ms. Bharti Jain was appointed as Compliance Officer and Principal Officer w.e.f October 4, 2021.

- Further, during the period under review, the Company;
  - Allotted 1000 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of the face value of Rs. 10,00,000/- each on 27th July, 2021.
  - Allotted 1000 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of the face value of Rs. 10,00,000/- each on 30th July, 2021.
  - Allotted 350 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of the face value of Rs. 10,00,000/- each on 26th August, 2021.
  - Allotted 2500 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of the face value of Rs. 10,00,000/- each on 29th September, 2021.
  - Allotted 1500 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of the face value of Rs. 10,00,000/- each on 24th March, 2022.
  - Redeemed 2500 Redeemable, Non -Convertible Debentures on 12th July, 2021

- We further report that during the period under review, the Company:
  - Issued Commercial Paper in the form of Usance Promissory Notes aggregating to Rs. 25 Crores on 22nd July, 2021;
  - Issued Commercial Paper in the form of Usance Promissory Notes aggregating to Rs. 50 Crores on 31st August, 2021;
  - Issued Commercial Paper in the form of Usance Promissory Notes aggregating to Rs. 50 Crores on 9th November, 2021;
  - Issued Commercial Paper in the form of Usance Promissory Notes aggregating to Rs. 25 Crores on 18th November, 2021;
  - Issued Commercial Paper in the form of Usance Promissory Notes aggregating to Rs. 50 Crores on 30th December, 2021;
  - Issued Commercial Paper in the form of Usance Promissory Notes aggregating to Rs. 25 Crores on 24th February, 2022;

- We further report that during the period under review, the following options were granted under Employee Stock Option Plan – 2019;
  - 85, 864 (Eighty-Five Thousand Eight Hundred and Sixty-Four) Stock Options to eligible employees at an exercise price of Rs. 193/- on 6th May, 2021;
  - 2,99,665 (Two Lakhs Ninety-Nine Thousand Six Hundred and Sixty-Five) Stock Options to eligible employees at an exercise price of Rs. 230/- on 22nd September, 2021;
  - 41,163 (Forty-One Thousand One Hundred and Sixty-Three) Stock Options to eligible employees at an exercise price of Rs. 230/- on 1st February, 2022;

For HSPN & ASSOCIATES LLP
Company Secretaries

Hemant S. Shetye
Designated Partner
FCS No.: 2827
COP No.: 1483

Date: 5th May, 2022
Location: Mumbai
ICSI UDIN: F002827D00027 0941

PEER REVIEW NO: P2007MH004300

This report is to be read with our letter of even date, which is annexed as Annexure – 2 and forms an integral part of this report.

Annexure – 1

SECTOR SPECIFIC LAWS AS APPLICABLE TO THE COMPANY BEING AN NBFC-ND-SI

The Reserve Bank of India (RBI) Act, 1934.

RBI Directors, Guidelines, Circulars as applicable to NBFC-ND-SI.

The IRDA Regulations for Corporate Agents, 2015,

Annexure – 2

To,

The Members,

AVANSE FINANCIAL SERVICES LIMITED.

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

- Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure those correct facts are reflected in Secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
- We have not verified the correctness & appropriateness of financial records and books of accounts of the Company.
- Compliance of the provisions of corporate and other applicable laws, rules, regulations & standards is the responsibility of the management. Our examination was limited to the verification of procedures on a test basis.
- The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For HSPN & ASSOCIATES LLP
Company Secretaries

Date: 05/05/2022
Location: Mumbai
ICSI UDIN: F002827D00027 O94L
PEER REVIEW NO: P2007MH004300

Hemant S. Shetye
Designated Partner
FCS No.: 2827
COP No.: 1483

Annexure III

Nomination Remuneration and Evaluation Policy

TITLE

This policy shall be called as "Nomination, Remuneration and Evaluation Policy".

OBJECTIVE AND PURPOSE

In line with the statutory requirement under the provisions of the Companies Act, 2013 and the regulatory framework for Non-Banking Financial Companies (NBFC) issued by the Reserve Bank of India (RBI), the Company has constituted a Committee named Nomination, Remuneration and Compensation Committee ("Committee"). Further, the following policy has been prepared as per the requirement of the said provisions. The objective and purpose of the policy are:

- To ensure that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees.
- To ensure that the relationship of remuneration to performance is clear and meets the performance benchmarks.
- To ensure that remuneration to Directors, Key Managerial Personnel, Senior Management and other employees involves a balance between fixed and incentives pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

DEFINITIONS

- **Board or Board of Directors -** means the Board of Directors of the Company.
- **Company** shall mean Avanse Financial Services Limited
- **Committee -** means the Nomination, Remuneration and Compensation Committee of the Company.
- **Fit and Proper -** means the fit and proper criteria as prescribed by the Reserve Bank of India from time to time.
- **Key Managerial Personnel** as defined in the Companies Act, 2013, as amended from time to time.
- **Senior Management Personnel** shall mean personnel of the Company who are members of its core management team excluding the Board of Directors and Chief Executive Officer (CEO) including all functional heads.

Appointment/Nomination Criteria

- The Committee shall identify and ascertain the integrity, qualifications, skills, expertise, back ground, experience, independence etc. of the person for appointment as a Director and Key Managerial Personnel (KMP) and recommend to the Board his / her appointment. The appointment of the Directors and KMP shall be as per the provisions of the Companies Act, 2013 and other applicable laws, as amended from time to time.

- For the appointment of Senior Management Personnel, the criteria shall be to identify and ascertain the integrity, qualification, skills, expertise, industry experience, background etc. of the person proposed to be appointed and the appointment of Senior Management Personnel shall be approved by the CEO of the Company.

- In case of appointment of Director, the Committee and the Board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India as amended from time to time and maintain the position during their tenure in office.

- The Committee shall be duly informed about the appointment of any Senior Management Personnel.

- Any other criteria as the Committee may deem fit and/or mentioned in the applicable laws.

Evaluation

- The Committee or Board shall carry out an evaluation of the performance of the Board, its Committees and individual director on annual basis as per the provisions of the Companies Act, 2013, as amended from time to time. The manner of evaluation can be in the questionnaire form, rating form, or in any other manner as may be decided by the Committee from time to time. The performance parameters include, but are not limited to expertise, objectivity & independence, understanding of the company's business, willingness to devote time, participation in discussion, responsiveness, the composition of Board/Committees, frequency of meetings, etc.

- The evaluation of the KMP shall be done by the Committee based on their performance, achievements, ratings, Company's business performance, etc.

- The performance evaluation of the Senior Management and other employees shall be as per the Company's performance, annual appraisal process, prevailing HR Policies and HR framework implemented by the Company from time to time.

Removal

In case of any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable laws and breach of Company's prevailing HR Policies, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules, regulations and HR Policies.

Remuneration

The compensation structure may also include stock options targeting employee participation in ownership of the Company and to ensure the retention of potential talents for the future growth and diversity of the Company. Any Director holding directly or indirectly more than 10% of the outstanding equity shares of the Company and Independent Director shall not be entitled to any stock options.

Executive Chairman/Managing Director/Whole-time Director

- The remuneration/commission/bonus/performance-linked incentives etc. to the Executive Chairman/Managing Director/Whole-time Director, will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required as per applicable laws.
- The remuneration/commission to be paid to the Executive Chairman/Managing Director/ Whole-time Director shall be as per the provisions of the Companies Act, 2013, and the rules made thereunder as amended from time to time and other applicable laws, if any.
- Increments/Revisions to the existing remuneration/compensation structure shall be recommended by the Committee to the Board for its consideration and approval.

Non-Executive Director Independent Directors

- The Commission may be paid to the Non-Executive Director/Independent Directors as per the provisions of Articles of Association, Companies Act, 2013, rules made there under and other applicable laws, if any.
- The Non-Executive Directors/Independent Director may receive sitting fees for attending meetings of the Board or Committee(s) thereof approved by the Board from time to time in line with the applicable provisions of the Companies Act, 2013.

KMP and Senior Management Personnel

- The remuneration to the KMP and Senior Management Personnel of the Company shall be in line with the Company's philosophy to provide fair compensation to key – executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instil a long term commitment to the Company, and develop pride and sense of Company ownership, all in a manner consistent with shareholder interests. The remuneration of Senior Management Personnel at the time of appointment including performance-linked incentives, any revision/increments in the remuneration shall be approved by the CEO as per the HR Policy of the Company.
- The remuneration, annual increments, performance-linked incentives, perquisites, etc. to the KMP of the Company shall be recommended by the Committee and approved by the Board of Directors.

Remuneration of Other Employees

Apart from Directors, KMP and Senior Management, the remuneration of the rest of the employees will be determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity, local market conditions in the competitive environment and HR Policy of the Company.

AMENDMENTS

Any subsequent amendment/modification in the applicable laws in this regard shall automatically apply to this policy.

The policy shall be reviewed as and when required and may be amended by the Board on the recommendation of the Committee.

Annexure IV

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2022, in terms of Regulation 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

Company's Philosophy on Code of Governance

Corporate Governance is the framework by which the Company ensures transparency in all its dealings and whereby various stakeholders' interests are balanced. The Company's philosophy on Corporate Governance is to achieve business excellence by enhancing the long-term welfare of all its stakeholders. The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics and accountability to its customers, government and others.

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter V read with Schedule V of Listing Regulation is given below:

Board of Directors

The Board is broad-based and consists of eminent individuals from industry, management, technical, financial and banking background. The Company is managed by the Board of Directors in coordination with the Senior Management team. The composition and strength of the Board are reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

The Company has a judicious mix of Executive, Non-Executive and Professional Independent Directors to maintain the independence of the Board. The Independent Directors on the Board are as statutorily required, resulting in professional and business acumen in all fields at the Board level. As on 31st March, 2022, the Board is comprised of 6 (six) Directors out of which 1 (one) is an Executive Director, 1 (one) is a Non-Executive Director and 4 (four) are Independent Directors. During the year the Board of Directors met 6 (six) times, which is as follows: May 6, 2021, August 5, 2021, September 2, 2021, September 22, 2021, October 28, 2021, and February 1, 2022. The Chairman of the Board is an Independent Director.

The details of each member of the Board, attendance of each Director at the Board of Directors Meetings and at the last AGM along with the number of Directorship/Committee Membership are as given below:

Sr. No	Name of Directors, DIN, Designation & Category	Qualification/ Experience	No. of Board Meetings attended during the year	Whether attended the last AGM	Number of other Director-ship listed entities	No. of other membership of Committees in listed entities	
						Chairman	Member
1	Mr. Neeraj Swaroop (DIN: 00061170) Chairperson- Independent Director (Non-Executive)	a) Bachelor of Technology (Mechanical) from IIT, Delhi b) MBA from IIM, Ahmedabad, India. c) Post Graduate in Retail Bank Management, University of Virginia	5	No	0	2	2
2	Ms. Vijayalakshmi Iyer (DIN: 05242960) Director (Independent- Non-Executive)	M.Com and CAIIB	5	No	6	4	10
3	Ms. Savita Mahajan (DIN: 06492679) Director (Independent- Non-Executive)	Bachelor's Degree in Economics from Delhi University. MBA from the IIM, Ahmedabad	6	No	1	0	3
4	Mr. Ravi Venkatraman# (DIN: 00307328) Director (Independent- Non- Executive)	a) Chartered Accountant, ICAI b) Cost Accountant, ICWAI	5	No	0	1	2
5	Mr. Narendra Ostawal (DIN: 06530414) Non-Executive Director (Non-Independent)	a) Post Graduate Diploma in Business Management, IIM, Bangalore b) Chartered Accountant, ICAI. c) Bachelor of Commerce, Bangalore University	6	Yes	2	0	2
6	Mr. Amit Gainda* (DIN: 09494847) Managing Director & CEO (Executive)	a) Post Graduate Programme in Management from International Management Institute (IMI) b) Executive Education Programme from INSEAD	NA	Yes	0	0	0

Notes

- Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies
- Chairmanship/Membership of Committee only includes Audit Committee and Stakeholders' Relationships Committee in Indian Public Limited companies. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairperson of more than five such Committees
- None of the directors are related to each other
- None of the non-executive directors are holding shares
- Details of Director(s) retiring or being re-appointed are given in notice to Annual General Meeting
- Brief profile of each of the above Directors is available on the Company's website

#Appointed w.e.f. July 5, 2021 *Appointed as Managing Director w.e.f. March 2, 2022

Key Board skills, expertise and attributes

As stipulated under Schedule V of the SEBI Listing Regulations, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors.

The chart/matrix of such core skills/expertise/competencies, along with the names of directors who possess such skills, is placed on the Company's website https://www.avanse.com.

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, expertise, diversity and independence.

Names of the listed entities where the person is adirector and the category of directorship

The details of Directorships, relationship inter-se, shareholding in the Company, number of Directorships and Committee Chairmanships/ Memberships held by them in listed companies as on 31st March, 2022 are detailed below:

Name of Directors	Directorship is held in other entities and category of Directorship
Mr. Neeraj Swaroop	SBFC Finance Private Limited, Non-Executive Independent Director
Ms. Vijayalakshmi Iyer	Poonawalla Fincorp Limited, Non-Executive Independent Director Computer Age Management Services Limited, Non-Executive Independent Director GIC Housing Finance Limited, Non-Executive Independent Director Aditya Birla Capital Limited, Non-Executive Independent Director ICICI Securities Limited, Non-Executive Independent Director Religare Enterprises Limited, Non-Executive Independent Director L&T Metro Rail (Hyderabad) Limited L&T Infrastructure Development Projects Limited, Non-Executive Independent Director Axis Mutual Fund Trustee Limited, Non-Executive Independent Director BFSI Sector Skill Council Of India - Whole time Director
Ms. Savita Mahajan	Aurobindo Pharma Ltd, Non-Executive Independent Director Gemini Edibles & Fats India Limited, Non-Executive Independent Director Bhagirath Resurgence Private Limited, Director Craftizen Foundation, Director
Mr. Ravi Venkatraman#	Sarvagram Fincare Private Limited, Non-Executive Independent Director Bajaj Finserv Mutual Fund Trustee Limited, Non-Executive Independent Director Kotak Mahindra Prime Limited, Non-Executive Independent Director Sarvagram Solutions Private Limited, Non-Executive Independent Director

#Appointed w.e.f. July 5, 2021 *Appointed as Managing Director w.e.f. March 2, 2022

Name of Directors	Directorship held in other entities and category of Directorship
Mr. Narendra Ostawal	Computer Age Management Services Limited, Nominee Director Home First Finance Company India Limited, Nominee Director Fusion Micro Finance Limited, Nominee Director Indiafirst Life Insurance Company Limited, Nominee Director Warburg Pincus India Private Limited, Managing Director Carmel Point Investments India Private Limited, Director
Mr. Amit Gainda*	NA

Dates of Board Meetings held during the F.Y. 2021-22

6 Board Meetings were held during the year on the following dates:

- May 6, 2021,
- August 5, 2021,
- September 2, 2021,
- September 22, 2021,
- October 28, 2021 and
- February 1, 2022.

Declarations

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations.

The Board of Directors, based on the declaration(s) received from the Independent Directors and has verified the veracity of such disclosures and confirms that the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with the Rules issued thereunder.

Based on intimations/disclosures received from the Directors periodically, none of the Directors of the Company hold memberships/Chairmanships more than the prescribed limits.

#Appointed w.e.f. July 5, 2021 *Appointed as Managing Director w.e.f. March 2, 2022

Familiarisation Programme

Pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had adopted the Familiarisation Programme.

The familiarisation programme aims to provide Independent Directors with the socio-economic environment, in which the Company operates, the business model & the operational and financial performance of the Company, to update the Independent Directors on a continuous basis on significant developments so as to enable them to make well-informed decisions in a timely manner.

The details of such familiarisation programmes for Independent Director(s) are put up on the website of the Company and can be accessed through the following link: www.avanse.com

Committees of the Board

The Board Committees are constituted to carry out clearly defined roles which are considered to be performed by members of the Board as a part of good Governance practice. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board Meetings for noting. The Board has currently constituted the following statutory Committees.

Audit Committee

The constitution of this Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] and RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016, as amended from time to time.

The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 ("Act") read with Companies (Meeting of Board and its Powers) Rules, 2014 and as required by other applicable laws. The Company Secretary acts as the secretary to the Committee. During the financial year 2021-22, the Committee met five times i.e. on May 6, 2021, August 5, 2021, September 22, 2021, October 28, 2021 and February 1, 2022. The composition of the Audit Committee as on March 31, 2022 and the details of attendance of each Committee Member at the above said meetings are as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Ravi Venkatraman# (Chairperson of the Committee)	4
2	Ms. Vijayalakshmi Iyer	5
3	Mr. Neeraj Swaroop*	1
4	Mr. Narendra Ostawal	5

#Appointed as the Chairperson w.e.f. July 5, 2021 *Ceased to be a member w.e.f. July 5, 2021

Stakeholder's Relationship Committee

During the Financial Year 2021-2022, the Board of Directors of the Company constituted its Stakeholders Relationship Committee at its meeting held on February 1, 2022, in terms of the provisions of Regulation 20 read with Part D of the Schedule II of SEBI LODR Regulations.

The terms of reference of this Committee, inter alia, include review of measures taken for the effective exercise of voting rights by shareholders, a review of adherence to the service standards in respect of various services rendered by the share transfer agent and to look into grievances of shareholders of the Company.

Sr. No.	Name of the Director	Category of Directorship
1	Mr. Neeraj Swaroop (Chairperson of the Committee)	Independent Director
2	Ms. Savita Mahajan	Independent Director
3	Mr. Narendra Ostawal	Non-Executive Director (Non-Independent Director)

Name and Designation of Compliance Officer: Mr. Vikas Tarekar, Company Secretary and Compliance Officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year is as follows:

No. of shareholders' complaints received during the year	0
Non-receipt of Dividend Warrants	0
No. of complaints not resolved to the satisfaction of shareholders	0
No. of pending share transfers	0
No. of Complaints Resolved	0
Non-receipt of annual report	0

Nomination Remuneration and Compensation Committee (NRC Committee)

The constitution of the NRC Committee is in compliance with the provisions of the Companies Act, 2013. The terms of reference of the Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules 2014 and as required by other applicable laws. The Company Secretary acts as the secretary to the Committee. During the financial year 2021-22, the Committee met four times i.e. on May 6, 2021, September 2, 2021, September 22, 2021 and February 1, 2022. The composition of the NRC Committee as on March 31, 2022 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Ms. Vijayalakshmi Iyer (Chairperson of the Committee)	3
2	Mr. Neeraj Swaroop	4
3	Mr. Narendra Ostawal	4

Performance Evaluation Criteria for Independent Directors

Pursuant to the provisions of the Companies Act, 2013 read with relevant rules made thereunder and SEBI LODR Regulations and in compliance of guidance note issued by SEBI under Circular no. SEBI/HO/ CFD/ CMD/CIR/P/2017/004 dated January 05, 2017, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors for the FY 2021-22. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc. The Board of Directors reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

The manner in which formal annual evaluation of the Board, its Committees and individual Directors are conducted includes: The Independent Directors, at their separate Meeting review the performance of Non-Independent Directors, the Board as a whole and the Chairperson. In light of the criteria prescribed for the evaluation, the Board analyses its own performance, that of its Committees and each Director during the year and suggests changes or improvements, if required. The performance evaluation of Independent Directors of the Company is carried out by the Board of the Company excluding the Director being evaluated. The Board has expressed its satisfaction with the evaluation process.

Risk Management Committee

This Committee is constituted in compliance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016. The terms of reference of the Committee inter alia include ensuring formulation and implementation of the Risk Management Policy of the Company.

The composition of the RMC Committee as on March 31, 2022 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Neeraj Swaroop (Chairperson of the Committee)	3
2	Ms. Vijayalakshmi Iyer	2
3	Mr. Narendra Ostawal	4
4	Mr. Ravi Venkatraman@	3
5	Mr. Amit Gainda	4
6	Mr. Vineet Mahajan#	2
7	Mr. Samir Kumar Mohanty	4
8	Mr. Rahul Bhapkar*	1

@Inducted as a member w.e.f. July 5, 2021 #Inducted as a member w.e.f. September 22, 2021 *Ceased to be a member w.e.f. June 1, 2021

Corporate Social Responsibility (CSR) Committee

This Committee is constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made there under (applicable laws). The terms of reference of the Committee are in accordance with the applicable laws. The Company Secretary acts as the secretary to the Committee. The composition of the CSR Committee as on March 31, 2022 and the details of attendance of each Committee Member at the above said meetings are as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Ms. Savita Mahajan (Chairperson of the Committee)	3
2	Mr. Ravi Venkatraman#	2
3	Mr. Narendra Ostawal	3
4	Ms. Vijayalakshmi Iyer*	1

#Appointed as a member w.e.f. July 5, 2021 *Ceased to be a member w.e.f. July 5, 2021

Remuneration to Directors

Independent Directors:

All Independent Directors are paid sitting fees and commission as per the details provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at https://www.avanse.com

Executive Director

Mr. Amit Gainda-Managing Director & CEO of the Company is the only Executive Director in the Company. His remuneration package comprises of salary, perquisites and other benefits as approved by the Shareholders of the Company. The remuneration paid to him is governed by Employment Agreement executed between him and the Company. Details of the remuneration paid to the Mr. Amit Gainda for the year ended March 31, 2022 are as per the details provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at https://www.avanse.com

General Body Meetings

Location and time where the last three Annual General Meetings were help

Financial Year	Date	Time	Location
2020-21	September 6, 2021	11.00 AM	Registered Office of the Company
2019-20	September 28, 2020	11.00 AM	Registered Office of the Company
2018-19	September 26, 2019	02.00 PM	Registered Office of the Company

Special Resolution passed in previous three Annual General Meetings

Sr. No.	Date of Annual General Meeting	Special Resolution
1	September 6, 2021	Issue of Non-Convertible Debentures on Private Placement Basis Re-appointment of Ms. Savita Mahajan, (DIN: 06492679) as an Independent Director of the Company
2	September 28, 2020	Issue of Non-Convertible Debentures on Private Placement Basis
3	September 26, 2019	Payment of Commission to the Independent Directors of the Company Issue of Non-Convertible Debentures on Private Placement Basis

Special Resolution proposed to be conducted through Postal Ballot: NIL.

Means of Communication

Quarterly Results

The quarterly and yearly financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board.

Newspaper Publication

The Quarterly and yearly results of the Company along with any other communication for stakeholders have been published in "Business Standard" – in the English newspaper.

Website

Financial results, Annual Reports other disclosure is updated on the website of the Company. The Company has its website named www.avanse.com. The website contains details as required under LODR, 2015 and Companies Act, 2013.

Official News Releases

The Company displays official news releases as and when the situation arises.

Presentations

The Company makes Investor Presentation when found appropriate.

General Shareholder Information

This section inter alia provides information pertaining to the Company, its Shareholding Pattern, means of dissemination of information, service standards, share price movements and such other information, in terms of point no.C(9) of Schedule V to the SEBI LODR Regulations relating to Corporate Governance.

a)	Incorporation Date	07/08/1992
b)	Registered Office Address	001 & 002 Fulcrum, A Wing, Ground Floor Sahar Road, Next to Hyatt Regency, Andheri (East) Mumbai - 400099
c)	Corporate Identification Number (CIN)	U67120MH1992PLC068060
d)	Date, time and venue of the Annual General Meeting (AGM)	The date of AGM is September 27, 2022 at 10:00 a.m. at the Registered Office of the Company.
e)	Financial Year	2021-2022
f)	Record Date	NA
g)	Date of Book closure	NA
h)	Dividend Payment date	NA

i)	Listing on Stock Exchanges	Non-Convertible Debentures (NCDs) issued by the Company are listed on the Wholesale Debt Market (WDM) segment of the BSE. BSE: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
j)	Payment of listing fees	The Company has paid the annual listing fees for the relevant periods to BSE where its securities are listed.
k)	Stock Code	952525
l)	Suspension of Company's Securities	NA
m)	Registrar & Share Transfer Agents	Link Intime India Private Limited C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: https://linkintime.co.in/ Email ID: rnt.helpdesk@linkintime.co.in
n)	Plant Location	Since the Company is in the business of finance, the disclosure with regard to plant location is not applicable.
o)	Address for Correspondence relating to grievances in relation to non-receipt of Annual Report, dividend and share certificates sent for transfer etc. including any requests/intimation for change in address, issue of duplicate share certificates, change in nomination shall be sent to	The Company Secretary & Compliance Officer: 001 & 002 Fulcrum, A Wing, Ground Floor Sahar Road, Next to Hyatt Regency, Andheri (East) Mumbai - 400099

p)	Outstanding Global Depository Receipts /American Depository Receipts / Warrants and Convertible Bonds, conversion date and likely impact on equity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible bonds.
q)	Commodity Price Risks / Foreign Exchange Risk and Hedging Activities	This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.
r)	Dematerialisation of Shares and Liquidity	All shares of the Company are held in Dematerialised form. The entire Promoter's holdings are in electronic form and the same is in line with the directions issued by the Companies Act.
s)	Share Transfer System	The Company's shares are traded under compulsory dematerialized mode and are freely tradable. The Board has delegated the power to attend all the formalities relating to the transfer of securities to the Registrar and Share Transfer Agent of the Company. An update on the same is placed before the Stakeholders' Relationship Committee on a quarterly basis. A half-yearly certificate of compliance with the share/debt transfer formalities as required under Regulation 40(9) and 61(4) of the SEBI LODR Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.

Credit Rating of the Company

India's renowned Credit Rating Agencies have assigned ratings to the Company, the details of the same are mentioned below:

Nature of Debt Instrument	Rating Agency	Term	Credit Ratings
Non-Convertible Debentures	CARE and Brickwork	Long Term	CARE A+ (Stable); BWR A+ (Stable)
Bank Loans	CARE	Long Term	CARE A+ (Stable)
Subordinated Debt	CARE	Long Term	CARE A+ (Stable); BWR A+ (Stable)
Commercial Paper	CARE	Short Term	CARE A1+

The ratings continue to reflect Company's healthy earning profile, adequate capitalization, strong net worth base, and steady improvement in its scale of operations.

Distribution of Shareholding and Shareholding Pattern as on 31st March 2022

Sr. No.	No. of Shares held		Number of Shareholders	% To Total	Shares	% To Total
1	1	500	5	Negligible	5	Negligible
2	501	1000	-	-	-	-
3	1001	2000	-	-	-	-
4	2001	3000	-	-	-	-
5	3001	4000	-	-	-	-
6	4001	5000	-	-	-	-
7	5001	10000	-	-	-	-
8	10001	9999999999	2	100	82591856	100
Total			**7**	**100.0000**	**82591861**	**100.0000**

Distribution of Shareholding as on 31st March, 2022

Category of Shareholder	No. of Shareholders	Total no. of shares	% to total no. of shares
Shareholding of Promoter and Promoter Group	6	66,073,488	80.00
Non Promoter- Non Public			
Employee Benefit Trusts	-	-	-
Public shareholding Institutions			
Mutual Funds / UTI	-	-	-
Financial Institutions / Banks	-	-	-
Central Government/State Government(s)	-	-	-
Insurance Companies	-	-	-
Alternate Investment Funds	-	-	-
Foreign Portfolio Investors (Corporate) / FIIs	-	-	-
Foreign Banks	-	-	-
Non-Institutions			
Bodies Corporate	-	-	-

Category of Shareholder	No. of Shareholders	Total no. of shares	% to total no. of shares
Individuals			
Indian Public Shareholder	-	-	-
Others			
NBFCs registered with RBI	-	-	-
Non-Resident Indians – Repatriable	-	-	-
Non-Resident Indians - Non Repatriable	-	-	-
Foreign Portfolio Investor (Individual)	-	-	-
Overseas Bodies Corporate	-	-	-
Clearing Member	-	-	-
Trusts	-	-	-
Foreign Nationals	-	-	-
Hindu Undivided Family	-	-	-
Unclaimed Suspense Account	-	-	-
IEPF	-	-	-
Body Corp-Ltd Liability Partnership	-	-	-
Trust Employee	-	-	-
Others	1	16,518,373	-
Total Public Shareholding	-	-	-
TOTAL	**7**	**825,91,861**	**100**

Other Disclosures

- **Disclosures on materially significant related party transactions that may have potential conflict with the interests of the listed entity at large:**

  There were no materially significant transactions with related parties during the Financial Year which conflicted with the interest of the Company. Suitable disclosures as required by the applicable Accounting Standards have been made in the notes to the Financial Statements. The Board of Directors at its meeting held on February 1, 2022, has approved a revised 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' stipulating the threshold limits and also on dealings with the RPTs pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which has been uploaded on www.avanse.com.

- **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years: NA**

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulation, the Company has formulated a Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. www.avanse.com.

Mandatory Requirements

The Company has complied with all mandatory requirements of Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Detail of Non-Compliances are annexed which forms Part of this Report under certificate on Corporate Governance from Practicing Company Secretary.

Details of the utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A)

During the period under review, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

Certificate from a Company Secretary in practice that none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority

A certificate that none of the Directors on the Board of the Company have been disqualified or debarred from continuing or being appointed as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been obtained. The Certificate is attached to the Board's Report forming part of the Annual Report.

The board had accepted all the recommendations obtained by the committees of the board which were otherwise mandatorily required to be obtained in the relevant Financial Year

Total fees for all services paid by the listed entity, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part Rs. 66,49,000/-.

- **Disclosure in relation to the sexual harassment of women in workplace (Prevention, Prohibition and redressed) Act, 2013 for the financial year 2021-2022**

Number of complaints filed during the year	Number of complaints disposed of during the financial year	Number of complaints filed during the year
0	0	0

- **Disclosure of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: NA**

Non-compliance of any requirement of corporate governance report of sub- paras (2) to (10) above, with reasons thereof shall be disclosed: Not Applicable

Extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted

- The Board: An Non-Executive chairperson does not maintain a chairperson's office at the listed entity's expense
- Shareholder Rights: A half-yearly status of financial performance in the form of Financial Results is available at the website of the Company, the same can be downloaded from company's website. Further, all the Significant transactions that have taken place during the Financial year are disclosed as per the requirement of SEBI LODR Regulations
- Modified opinion(s) in Audit Report: The listed entity's financial statements have an unmodified audit opinion
- Reporting of Internal Auditor: The internal auditor reports directly to the audit committee

Declaration signed by the Chief Executive Officer stating that the members of the board of directors and senior management personnel have affirmed compliance with the code of conduct of the board of directors and senior management

"I hereby confirm that the Company has obtained from all the Members of the Board and Senior Management Personnel, & affirmation that they have complied with the Code of conduct for the Board of Directors and the Senior Management Personnel of the Company in respect of the financial year 2021-22."

Mr. Amit Gainda
Managing Director & Chief Executive Officer
Mumbai
Date: August 02, 2022

Copies of the aforementioned code have been put on the Company's website and can be accessed at www.avanse.com.

Compliance certificate from either the auditors or practicing company secretaries regarding the compliance of conditions of corporate governance shall be annexed with the Directors' report

A Compliance Certificate the Company is in compliance with the conditions of Corporate Governance as stipulated under SEBI Listing Regulations forms part of this Annual Report to the Board's Report forming part of the Annual Report.

Annexure V

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2021-22

- Brief outline on the CSR Policy of the Company.: Our vision is to make quality education accessible for deserving underserved Indian Students through the Company's CSR initiative. For details of the CSR Policy along with projects and programs, kindly refer to the website of the Company - www.avanse.com.

- Composition of CSR Committee as on 31st March, 2022

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Savita Mahajan	Chairperson (Independent Director)	3	3
2	Ms. Vijayalakshmi Iyer#	Member (Independent Director)	3	1
3	Mr. Ravi Venkatraman*	Member (Independent Director)	3	2
4	Mr. Narendra Ostawal	Member (Non-executive Director)	3	3

#: Ceased to be a member of the CSR Committee w.e.f. July 05, 2021; *: Appointed as a member of the CSR Committee w.e.f. July 05, 2021.

- Provide the web link where the Composition of the CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company. www.avanse.com.

- Provide the details of the Impact assessment of the CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): In accordance with the provisions of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 notified w.e.f. 22nd January, 2021, the Company is not required to carry out impact assessment for its CSR projects.

- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
1	FY-3 (31-03-2021)	88,200.00	NA
2	FY-2 (31-03-2020)	3,18,146.00	NA
3	FY-1 (31-03-2019)	0.00	NA
	TOTAL	4,06,346.00	NA

- Average net profit of the Company as per section 135(5): ₹ 40,56,72,800/-
- Two percent of the average net profit of the company as per section 135(5): ₹ 81,13,455/-
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: No
  - Amount required to be set off for the financial year, if any: No
  - Total CSR obligation for the financial year (7a+7b-7c): ₹ 81,16,000/-
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 72,76,000/-	8,40,000	29-04-2022	NIL	NIL	NIL

- Details of CSR amount spent against ongoing projects for the financial year:

Name of the project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 35(6) (in Rs.).	Mode of Implementation -Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	
			State	Dist.						Name	CSR Registration number.
To impart social and financial education and empowerment of underprivileged	Item no. (ii)	No	Maharashtra	Palghar	3 years	₹ 16 Lakh	₹ 7.60 Lakh	₹ 8.40 Lakh	No	Meljol	CSR0002833
TOTAL											

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

Name of the project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes No).	Location of the project.		Amount spent for the project (in Rs.)	Mode of implementation on-Direct (Yes/No)	Mode of implementation – Through implementing agency.	
			State	Dist.			Name.	CSR registration number
To empowers women from underserved communities personally and professionally and To support inservice teacher	Item no. (ii) Promote Education	Yes	Maharashtra	Mumbai	₹ 2,50,00,000/-	No	Muktangan Education Trust	CSR00000732
To support students with physical disability to pursue Higher Education	Item no. (i) – Higher Education to 100 students with physical disability and digital aids to pursue education in pandemic	Yes	Maha - rashtra Delhi Telangana Tamil-Nadu Karnataka	Mumbai Delhi Hyder-abad Chennai Pune Bangalore	₹ 24,00,000/-	No	Samarthanam Trust for the Disabled	CSR00000063
Employee volunteering from various locations	Item no. (ii) – Promote Education	Yes	Maharashtra Karnataka, Telangana, Delhi	Bangalore, Hyder-abad, Mumbai, Delhi	₹ 16,16,000/-	Yes		
Total					₹ 65,16,000/-			

Amount spent on Administrative Overheads: Nil

Amount spent on Impact Assessment, if applicable: Not Applicable

Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 81,16,000/-

Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	81,13,455/-
(ii)	Total amount spent for the Financial Year	81,16,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2,545/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2,545/-

- Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	FY2020-21				NIL		
2.	FY2019-20						
3.	FY2018-19						

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

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

- In case of creation or acquisition of the capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details): Not Applicable**
  - Date of the creation or acquisition of the capital asset(s).
  - Amount of CSR spent for the creation or acquisition of capital assets.
  - Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
  - Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
- Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5).: The Company has not failed in spending the required percentage of the average net profit. One of the CSR Projects is in progress and spread over three years. The unspent amount has been kept in a separate designated bank account as per the requirement of the Companies Act, 2013.

Mr. Amit Gainda
Managing Director & Chief Executive Officer
DIN: 09494847
Date: August 02, 2022

Savita Mahajan
Independent Director
DIN: 06492679
Place: Mumbai

Annexure VI

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2015 AND AMENDMENTS THEREOF

- The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary during the financial year 2021-22, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director / KMP	% increase in remuneration in the FY 2021-22	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Neeraj Swaroop Independent Director & Chairperson	N.A.	N.A.
2.	Ms. Vijayalakshmi Iyer Independent Director	N.A.	N.A.
3.	Ms. Savita Mahajan Independent Director	N.A.	N.A.
4.	Mr. Narendra Ostawal Non-executive Director	N.A.	N.A.
5.	Mr. Ravi Venkatraman Independent Director*	N.A.	N.A.
6.	Mr. Amit Gainda Managing Director & Chief Executive Officer@	12%	N.A.
7.	Mr. Rahul Bhapkar Chief Financial Officer#	NIL	N.A.
8.	Mr. Rakesh Dhanuka Company Secretary$	NIL	N.A.
9.	Mr. Vineet Mahajan Chief Financial Officer%	NIL	N.A.
10.	Mr. Vikas Tarekar Company Secretary^	NIL	N.A.

*Appointed as Independent Director w.e.f. July 05, 2021
$Resigned as Company Secretary w.e.f. August 05, 2021
^Appointed as Company Secretary w.e.f. September 2, 2021
@Appointed as Managing Director w.e.f. March 02, 2022
%Appointed as Chief Financial Officer w.e.f. September 22, 2021
#Resigned as Chief Financial Officer w.e.f. May 31, 2021

- The median remuneration of the employees of the Company during the financial year 2021-22 was ₹ 7,51,000/-
- In the financial year 2021-22, there was a 7% increase in the median remuneration of employees
- There were 420 permanent employees on the rolls of Company as on 31st March, 2022
- Average percentage increase made in the salaries of employees other than the Managerial Remuneration in the FY 2021-22 was 7% whereas the increase in the Managerial Remuneration for the same FY 2021-22 was 12.6%
- It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other Employees

For and on behalf of the Board of Directors

Neeraj Swaroop
Chairperson
(DIN 00061170)

Amit Gainda
Managing Director &
Chief Executive Officer
(DIN: 09494847)

Date: August 02, 2022
Location: Mumbai

SACHIN MANSETA & ASSOCIATES

Company Secretaries

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of,
AVANSE FINANCIAL SERVICES LIMITED
001 & 002 Fulcrum, A Wing,
Ground Floor Sahar Road,
Next to Hyatt Regency, Andheri (East),
Mumbai – 400099.

We have examined the compliance of conditions of Corporate Governance by Avanse Financial Services Limited for the year ended March 31, 2022, as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

UDIN: F008279D000369288
PLACE: MUMBAI

06, Naman Plaza, S. V. Road, Kandivali (W) Mumbai-400067
Cell. No. 9930012128 Tel. /Fax No.022-40116829

SACHIN MANSETA & ASSOCIATES

Company Secretaries

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
AVANSE FINANCIAL SERVICES LIMITED
001 & 002 Fulcrum, A Wing,
Ground Floor Sahar Road,
Next to Hyatt Regency, Andheri (East),
Mumbai – 400099.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Avanse Financial Services Limited, having CIN U67120MH1992PLC068060 and having registered office at 001 & 002 Fulcrum, A Wing, Ground Floor Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400099, Maharashtra, India, (hereinafter referred to as "the Company") produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 2022 or a part thereof of their appointment, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

SR No.	Name of the Directors	DIN	Date of appointment in the Company
1	Neeraj Swaroop	00061170	30/07/2019
2	Ravi Venkatraman	00307328	05/07/2021
3	Vijayalakshmi Rajaram Iyer	05242960	30/07/2019
4	Savita Mahajan	06492679	01/12/2018
5	Narendra Ostawal	06530414	30/07/2019
6	Amit Gainda	09494847	02/03/2022

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on my verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

UDIN: F008279D000369288
PLACE: MUMBAI

INDEPENDENT AUDITORS' REPORT

To the Members of Avanse Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Avanse Financial Services Limited ("the Company"), which comprise the Balance sheet as of March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as of March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters

	How our audit addressed the key audit matter
Impairment of loans as at balance sheet date (expected credit losses) (as described in Note 7 & 39.4 of the financial statements)	
Indian Accounting Standard (Ind AS) 109 Financial Instruments require the Company to provide for impairment of its financial loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the loan portfolio. In the process, a significant degree of judgement and estimate has been applied by the management for: Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories based on past due status or qualitative assessment; Grouping of the loan portfolio under homogenous pools in order to determine the probability of default on a collective basis; The Company has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by the COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in the estimation of ECL and the overall significance of the impairment loss allowance to the financial statement, accentuated by the COVID-19 pandemic, it is a key audit matter.	Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested around data extraction, validation and computation. Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. We performed procedures to test the inputs used in the ECL computation, on a sample basis. Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. Tested assumptions used by the management in determining the overlay for macro-economic and other factors. Assessed disclosures included in the standalone financial statements in respect of expected credit losses.

Information technology (IT) systems and controls	
The financial accounting and reporting systems of the Corporation are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.	The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications").

Key audit matters

Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	Tested the changes that were made to the in-scope applications during the audit period to assess changes that have an impact on financial reporting. Tested the periodic review of access rights & inspected requests of changes to systems for appropriate approval and authorization. Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT-dependent manual controls in the system. Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our auditors' report thereon.

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

How our audit addressed the key audit matter

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act of safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, whetherdue to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 06, 2021.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

- In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

- With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

  - The Company does not have any pending litigations which would impact its financial position;

  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- No dividend has been declared or paid during the year by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 22102102AILRYR3499
Place of Signature: Mumbai
Date: May 05, 2022

Annexure 1 to the Independent Auditors' Report of even date on the Financial Statements of Avanse Financial Services Limited

Re: Avanse Financial Services Limited ("the Company")

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

- The Company has maintained proper records showing full particulars, including quantitative details and the situation of Property, Plant and Equipment.

- The Company has maintained proper records showing full particulars of intangibles assets.

  - Property, Plant and Equipment (including the right of use assets) have been physically verified by the management during the year and no material discrepancies were identified on such verification.

  - The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

  - The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

- There are no proceedings initiated or are pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

- The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

- As disclosed in Note 42.9 (XII) h to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

- Since the principal business of the Company is to give loans, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

- During the year the investments made and the terms and conditions of the grant of all loans to companies and other parties are not prejudicial to the Company's interest.

- In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing education loans to individual customers and education infrastructure loans to non-individual customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of the amount, the due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid/paid when they were due or were repaid/paid with a delay, in the normal course of the lending business. Further, except for loans where there are delays or defaults in repayment of principal and/or payment of interest as at the balance sheet date, in respect of which the Company has disclosed asset classification/staging in Note 7 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

- In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in Note 7 to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

- Since the principal business of the Company is to give loans, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

- The Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

- There are no loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

- The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

- The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

- The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.

  - There are no dues of goods and services tax, provident fund, income tax, cess, and other statutory dues which have not been deposited on account of any dispute.

- The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

- The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

  - The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

  - Term loans were applied for the purpose for which the loans were obtained.

  - On overall examination of the financial statements of the Company, no funds raised on a short-term basis have been used for long-term purposes by the Company.

  - The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(e) of the Order is not applicable to the Company.

  - The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

- The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

  - The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on Clause 3(x)(b) of the Order is not applicable to the Company.

- No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

  - During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

  - As represented to us by the management, there are no whistle-blower complaints received by the Company during the year.

- The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

- Transactions with the related parties are in compliance with sections 177 and 188 of The Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- The Company has an internal audit system commensurate with the size and nature of its business.

  - The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

- The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the requirement to report on clause 3(xv) of the Order is not applicable to the Company.

- The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

  - The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

  - The Company is not a Core Investment Company as defined in the regulations made by The Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

- There are no other companies forming part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

- The Company has not incurred cash losses in the current year or the immediately preceding financial year.

- The previous statutory auditors of the Company have resigned during the year pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.

- On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date.

- We, however, state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- The Company has not transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Companies Act, 2013 (the Act), till the date of the report. However, the period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report. This matter has been disclosed in Note 34 to the financial statements.

- There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of The Companies Act. This matter has been disclosed in Note 34 to the financial statements.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 22102102AILRYR3499
Place of Signature: Mumbai
Date: May 05, 2022

Annexure 2 to the Independent Auditors' Report of even date on the financial statements of Avanse Financial Service Limited

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

We have audited the internal financial controls with reference to the financial statements of Avanse Financial Services Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

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

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration
Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 22102102AILRYR3499
Place of Signature: Mumbai
Date: May 05, 2022

AVANSE FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2022

(Rs. in Lakh)

	Particulars	Note No.	As of March 31, 2022	As of March 31, 2021
	ASSETS			
I	**Financial assets**			
(a)	Derivative financial instruments		350.99	-
(b)	Cash and cash equivalents	4	63,048.59	42,638.25
(c)	Bank balances other than (b) above	5	2,694.59	1,013.99
(d)	Loans	7	471,598.64	293,084.63
(e)	Investments	6	1,273.50	5,502.06
(f)	Trade Receivables	8	269.19	259.45
(g)	Other financial assets	9	339.44	339.04
			539,574.94	**3,42,837.42**
II	**Non-Financial assets**			
(a)	Current tax assets (net)		276.78	174.19
(b)	Deferred tax assets (net)	10	1,914.22	1,195.28
(c)	Property, plant and equipment	11	662.98	651.63
(d)	Other intangible assets	11	775.66	887.44
(e)	Intangible assets under development	11	107.97	82.66
(f)	Right of use assets	11	487.78	773.56
(g)	Other non-financial assets	12	1,494.96	1,107.27
			5,720.35	4,872.03
	Total Assets		**545,295.29**	**3,47,709.45**
	LIABILITIES AND EQUITY			
	LIABILITIES			
I	**Financial Liabilities**			
(a)	Derivative financial instruments		-	190.31
(b)	Trade payables	13		
	- total outstanding dues of micro and small enterprises		37.70	8.41
	- total outstanding dues to creditors other than micro and small enterprises		3,378.85	1,745.74
(c)	Debt securities	14	123,224.54	97,368.59
(d)	Borrowings (other than debt securities)	15	237,870.90	137,088.82
(e)	Other financial liabilities	16	78,989.63	16,360.96
			443,501.62	**252,762.83**
II	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)		192.38	409.74
(b)	Provisions	17	74.62	43.66
(c)	Other non-financial liabilities	18	560.25	332.89
			827.25	**786.29**
III	**EQUITY**			
(a)	Equity share capital	19	8,259.19	8,259.19
(b)	Other equity	20	92,707.23	85,901.14
	Total equity		**100,966.42**	**94,160.33**
	Total liabilities and equity		**545,295.29**	**347,709.45**
	The accompanying notes form an integral part of the financial statements	1 to 45		

In terms of our report attached
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2022

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847

Vineet Mahajan
Chief Financial Officer
Place : Mumbai
Date : May 05, 2022

Vikas Tarekar
Company Secretary

AVANSE FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in Lakh)

	Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I	**Income**			
	Revenue from operations			
	Interest income	21	47,515.11	41,238.66
	Net gain on fair value changes	22	394.43	452.06
	Other operating income	23	2,918.95	2,111.34
	Total revenue from operations		**50,828.49**	**43,802.06**
	Other income	24	25.68	87.07
	Total income		**50,854.17**	**43,889.13**
II	**Expenses**			
	Finance costs	25	27,388.70	25,609.17
	Impairment on financial instruments (Expected credit loss)	26	1,908.17	2,371.42
	Employee benefits expense	27	6,647.15	5,933.73
	Depreciation and amortisation expense	11	1,287.75	1,384.69
	Other expenses	28	5,076.42	3,735.35
	Total expenses		**42,308.19**	**39,034.36**
III	**Profit before tax**		**8,545.98**	**4,854.77**
IV	**Tax expense**			
	Current tax	29	2,983.45	1,682.95
	Deferred tax	29	(758.05)	(448.46)
	Tax adjustment in respect of earlier year		-	(169.58)
	Total tax expense		**2,225.40**	**1,064.91**
V	**Net profit for the year**		**6,320.58**	**3,789.86**
VI	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Actuarial gain on post retirement benefit plans		16.52	68.40
	(ii) Income tax on above		(4.16)	(17.21)
	Subtotal (A)		**12.36**	**51.19**
	(B) Items that will be reclassified to profit or loss			
	(i) Fair value gain/(loss) on derivative financial instrument		138.91	(107.81)
	(ii) Income tax on above		(34.96)	27.13
	Subtotal (B)		**103.95**	**(80.68)**
	Total other comprehensive income (A+B)		**116.31**	**(29.49)**
VII	**Total comprehensive income**		**6,436.89**	**3,760.37**
VIII	**Earnings per equity share**	31		
	(Face value of Rs. 10/- each)			
	Basic (Rs.)		7.65	4.59
	Diluted (Rs.)		7.65	4.59
	The accompanying notes form an integral part of the financial statements	1 to 45		

In terms of our report attached
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2022

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847

Vineet Mahajan
Chief Financial Officer
Place : Mumbai
Date : May 05, 2022

Vikas Tarekar
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in Lakh)

	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A	**Cash flow from operating activities**		
	Profit before tax	8,545.98	4,854.77
	Adjustment for:		
	Interest income on loans	(47,413.66)	(36,424.00)
	Depreciation and amortisation expenses	1,287.75	1,384.69
	Net gain on fair value changes (realised)	(394.43)	(452.06)
	Interest expense on borrowings	24,667.95	22,880.22
	Provision for impairment on financial instruments	1,465.38	2,231.78
	Interest on fixed deposits	(1,470.14)	(2,985.28)
	Baddebts written off	442.78	139.64
	ESOP Expenses	369.20	406.00
	Finance cost in Lease Liability	89.52	105.69
	Actuarial loss on post retirement benefit plans	16.52	68.40
	Loss on sale of fixed asset	-	0.18
	Operating loss before working capital changes	**(12,393.15)**	**(7,789.97)**
	Operational cash flows from interest		
	Interest received on loans	46,548.30	34,790.83
	Interest paid on borrowings	(24,851.02)	(21,667.88)
	Working capital changes		
	Adjustment for:		
	(Increase) in loans	(1,79,556.81)	(13,280.20)
	(Increase) in Other non-financial assets	(387.69)	(403.91)
	Decrease in financial assets	26.10	147.53
	(Increase) in trade receivables	(9.75)	(119.80)
	Increase / (Decrease) in financial liabilities	62,280.48	(8,472.97)
	Increase in trade payables	1,662.38	629.58
	Increase in non financial liabilities	227.36	111.10
	Increase / (Decrease) in Provisions	30.96	(366.90)
	Cash (used in) operations	**(1,06,422.84)**	**(16,422.59)**
	Direct taxes paid (net)	(3,303.39)	(1,383.64)
	Net cash (used in) operating activities	**(1,09,726.23)**	**(17,806.23)**
B	**Cash flow from investing activities**		
	Investments in mutual fund units	(2,37,488.62)	(2,21,993.88)
	Sale of mutual fund units	2,43,385.11	2,29,444.55
	Investments in T-Bill	(1,300.00)	-
	Interest received on bank deposits	1,470.14	2,985.28
	Purchase of property, plant & equipment and intangible assets	(926.85)	(795.44)
	Sale of property, plant & equipment	-	0.18
	Bank deposit not considered as cash and cash equivalents (net)	(1,680.60)	(11.14)
	Net cash generated from investment activities	**3,459.18**	**9,629.55**
C	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	2,01,169.85	57,549.00
	Repayment of long-term borrowings	(76,647.44)	(70,895.39)
	Proceeds from short-term borrowings (net)	2,511.92	(11.19)
	Finance cost in Lease Liability	(356.91)	(450.53)
	Net cash generated from / (used in) financing activities	**1,26,677.42**	**(13,808.11)**
	Net (Decrease) / Increase in Cash and cash equivalents	20,410.36	(21,984.78)
	Cash and cash equivalents at the beginning of the year	42,638.25	64,623.02
	Cash and cash equivalents at the end of the period	**63,048.61**	**42,638.25**

Notes:
1. Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows
2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013
3. For disclosure relating to changes in liabilities arising from financing activities refer note 33(A)

The accompanying notes form an integral part of the financial statements 1 to 45

In terms of our report attached
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2022

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847

Vineet Mahajan
Chief Financial Officer
Place : Mumbai
Date : May 05, 2022

Vikas Tarekar
Company Secretary

AVANSE FINANCIAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY AS OF MARCH 31, 2022

A. EQUITY SHARE CAPITAL

(Rs. in Lakh)

Particulars	Balance as of 01-Apr-20	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year	Balance as of 31-Mar-21
Equity Share Capital	8,259.19	-	-	-	8,259.19

Particulars	Balance as of 01-Apr-21	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year	Balance as of 31-Mar-22
Equity Share Capital	8,259.19	-	-	-	8,259.19

B. OTHER EQUITY

(Rs. in Lakh)

	Reserves and Surplus						Total
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Cash Flow Hedge Reserve	Statutory Reserve	
Balance as of March 31, 2020	**75,923.27**	**4,386.00**	**0.14**	**79.00**	**-**	**1,346.37**	**81,734.78**
Profit for the year	-	3,789.86	-	-	-	-	3,789.86
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-	-	-	-
Transferred from statement of profit and loss	-	(757.97)	-	-	-	757.97	-
Charge for the year in respect of Stock Options	-	-	-	405.99	-	-	405.99
Other comprehensive income for the year	-	51.19	-	-	(80.68)	-	(29.49)
Balance as of March 31, 2021	**75,923.27**	**7,469.08**	**0.14**	**484.99**	**(80.68)**	**2,104.34**	**85,901.14**
Profit for the year	-	6,320.58	-	-	-	-	6,320.58
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	0.00
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	0.00
Transferred from statement of profit and loss	-	(1,264.12)	-	-	-	1,264.12	-
Charge for the year in respect of Stock Options	-	-	-	369.20	-	-	369.20
Other comprehensive income	-	12.36	-	-	103.95	-	116.31
Balance as of March 31, 2022	**75,923.27**	**12,537.90**	**0.14**	**854.19**	**23.27**	**3,368.46**	**92,707.23**

The accompanying notes form an integral part of the financial statements 1 to 45

In terms of our report attached
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2022

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847

Vineet Mahajan
Chief Financial Officer
Place : Mumbai
Date : May 05, 2022

Vikas Tarekar
Company Secretary

1. Corporate Information

Avanse Financial Services Limited (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Debentures of the Company are listed on BSE Limited. The Company is primarily engaged in the business of financing Education Loans to Students and Education Infrastructure Loans. The Company is registered with the Reserve Bank of India (RBI) and the Ministry of Corporate Affairs. The registration details are as follows:

RBI B-13.01704

Corporate Identity Number (CIN) U67120MH1992PLC068060

The Company is a systematically Important Non-deposit taking Non-Banking Financial Company. The registered office of the Company is 001 & 002 Fulcrum Building, 'A' Wing, Sahar Road, Near Hyatt Regency Hotel, Andheri (East), Mumbai, Maharashtra- 400 099.
The financial statements of the Company for the year ended March 31, 2022, were approved for issue in accordance with the resolution of the Board of Directors on May 5, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and Preparation of Financial statements

Presentation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for implementation of Ind AS') issued by RBI. The Company uses an accrual basis of accounting.

Historical cost convention

The financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Valuation governance framework

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36

Valuation principles

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

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

2.2 Property, plant and equipment and Intangible Assets

i. Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

Category of Assets	Useful Life
Furniture & Fixtures	6 years
Computer Hardware	3 years
Vehicle	4 years
Office Equipment	5 years

Assets costing less than Rs 5,000 are fully depreciated in the year of capitalization.

Leasehold improvement is amortized on SLM over the lease term subject to a maximum of 36 months.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

ii. Intangible:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised

Impairment on non-financial assets

As at the end of each year, the Company reviews the carrying amount of its non-financial assets that is PPE and intangible to determine whether there is any indication that these assets have suffered an impairment loss.

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.3 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

a. Interest Income

The Company recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/ financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/non-payment of contractual cashflows is recognised on certainty of recovery.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

b. Fees and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The fee & commission included in this part of the statement of profit and loss include among other things fees charged for servicing a loan, commission on forex and insurance commission.

Fee and Commission Income are recognised after the performance obligation in the contract is fulfilled and commission income such as insurance commission and fee income, etc. are recognised on point in time or over the period basis, as applicable.

c. Investment Income

The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

2.4 Leases

The Company evaluates each contract or arrangement, whether it qualifies as a lease, as defined under Ind AS 116.

The Company as a lessee

The Company assesses, whether the contract is, or contains: a lease. A contract is, or contains, a lease if the contract involves–

a) the use of an identified asset,

b) the right to obtain substantially all the economic benefits from the use of the identified asset, and

c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of a lease term or useful life of right-of-use assets.

Right of use assets is evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease liability has been presented in Note 16 “Other Financial Liabilities” and ROU asset has been presented in Note 11 “Property, Plant and Equipment” and lease payments have been classified as financing cash flows.

2.5 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets as defined in Ind AS 23 are capitalized as a part of costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use

Interest expenses are calculated using the EIR and all other Borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred

2.6 Employee Benefits

Retirement benefit costs and termination benefits

Defined Contribution Plan

Payments to defined contribution plans are recognised as expense in the Statement of Profit and Loss of the year when employees have rendered service entitling them to the contributions. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payment is available

Defined Benefit Obligation

The Company's Gratuity liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan

Re measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). 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 and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided at the undiscounted amount of the benefits expected to be paid in exchange for that service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service

Other Long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.7 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax

The tax currently payable is based on the taxable profit for the year of the Company. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.8 Goods and Service Tax Input Credit

Goods and Services tax input credit is accounted for in the books during the period in which the supply of goods or services received is accounted for and when there is no uncertainty in availing/utilising the credits.

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

i. an entity has a present obligation (legal or constructive) as a result of a past event; and

ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii. a reliable estimate can be made of the amount of the obligation

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Further, long-term provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as a finance cost. A provision for onerous contracts is measured at the present value of the lower expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Contingent liability is disclosed in the case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

ii. a present obligation arising from past events, when no reliable estimate is possible.

2.10 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

i. estimated number of contracts remaining to be executed on capital account and not provided for;

ii. uncalled liability on shares and other investments partly paid;

iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

2.11 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using an indirect method adjusting the net profit for the effects of:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items that are not available for general use as on the date of Balance Sheet.

2.12 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

2.13 Financial Instruments

Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and liabilities are recognized when the Company becomes the party to the contractual provisions of the instruments. Financial assets primarily comprise of loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial Measurement of Financial Instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the Statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Cash Flow Hedge

The Company designates certain foreign exchange currency swap contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on external commercial borrowings. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period of the hedge was effective, remains in cash flow hedge reserve until the ECB is derecognised. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the derecognition of the hedged item

2.14 Financial Assets

Subsequent Measurement of Financial Assets:

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets

Classification of Financial Assets:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- The Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the individual asset basis and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting Solely Payments of Principal & Interest (SPPI) test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed at individual basis and collectively to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

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

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition. The Company has transferred the financial asset if, and only if, either: - It has transferred its contractual rights to receive cash flows from the financial asset Or - It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement. Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

1. The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

2.The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

3. The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either: - The Company has transferred substantially all the risks and rewards of the asset or The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises 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. On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

Impairment of financial assets

Overview of the Expected Credit Loss principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

Expected credit losses (ECL) are a probability-weighted estimate of the present value of credit losses. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are a portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if a default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company measures ECL for stage 3 assets (as defined below) on an individual basis. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Performing assets (high quality assets) with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2 - Under-performing assets (assets for which there is significant increase in credit risk) having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets (credit impaired assets) with overdue more than 90 DPD

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 and loans under short term financing, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109.

This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The Financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognised only when :

- The Company has transferred the rights to receive cash flows from the financial assets or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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 subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

2.15 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term investments, as defined above.

2.17 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss (before Other Comprehensive Income) for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss (before Other Comprehensive Income) 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.

3. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Leases:

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Expected Credit Loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in Note 39.4

4. Cash And Cash Equivalents		**(Rs. in Lakh)**
Particulars	**As of March 31, 2022**	**As of March 31, 2021**
Cash in hand	0.82	13.99
Balances with banks:		
- In Current Accounts	10,019.07	6,833.53
- In Deposit accounts (refer note 4.1 below)	52,787.00	35,200.00
Cheques on hand	-	28.76
Interest accrued but not due on fixed deposits	241.70	561.97
Total	**63,048.59**	**42,638.25**

4.1 Short-term deposits are made for varying periods from seven days to one year, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term fixed rates.

5. Other bank balances		**(Rs. in Lakh)**
Particulars	**As of March 31, 2022**	**As of March 31, 2021**
Deposit accounts under lien against which facilities are availed (refer note 5.1 & 5.2 below)	2,599.61	998.55
Interest accrued but not due on fixed deposits	94.98	15.44
Total	**2,694.59**	**1,013.99**

5.1 Encumbrances on Fixed deposits held by the Company

Particulars	**As of March 31, 2022**	**As of March 31, 2021**
Fixed Deposits pledged for:		
Availing credit enhancement towards securitisation transactions		
DCB Bank	1,525.91	993.55
ICICI Bank	1,072.70	-
Bank Overdrafts		
Bank of Baroda	1.00	-
Bank Guarantee		
AU Small Finance Bank	-	5.00
Total	**2,599.61**	**998.55**

5.2 Deposits are made for varying period from 1 to 3 years and earn interest at the respective fixed rates.

6. Investments		(Rs. in Lakh)
Particulars	**As of March 31, 2022**	**As of March 31, 2021**
At fair value through statement of profit and loss		
Mutual Fund (refer note 6.1 below)	-	5,502.06
Total (A)	-	**5,502.06**
Treasury Bill		
Treasury Bill (refer note 6.1 & 6.2 below)	1,273.50	-
Less : Unamortised Income		-
Total (B)	**1,273.50**	-
Grand Total (A+B)	**1,273.50**	**5,502.06**

Note 6.1				
Name of instrument	**As of March 31, 2022**		**As of March 31, 2021**	
	No of units	**Amount**	**No of units**	**Amount**
Mutual Fund				
DSP overnight fund direct growth	-	-	2,26,820.10	2,500.10
ICICI prudential overnight fund direct plan growth	-	-	9,01,647.85	1,000.66
Invesco India overnight fund - direct plan growth	-	-	96,174.94	1,000.65
Nippon India overnight fund - direct growth plan	-	-	9,05,776.43	1,000.65
L&T overnight fund direct plan - growth	-	-	-	-
HDFC overnight fund - direct plan - growth	-	-	-	-
SBI overnight fund direct growth	-	-	-	-
Total (A)	**-**	**-**	**21,30,419.31**	**5,502.06**
Treasury Bill				
364 DTB 20-10-2022 - 4.21%	1.00	293.17	-	-
182 DTB 22-09-2022 - 4.21%	1.00	980.33	-	-
Total (B)	**2.00**	**1,273.50**	**-**	**-**

Note 6.2
Investment in treasury bill is valued at amortised cost as fair value of the investment is approximately same

7. Loans (Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
At amortised cost		
Loans given in India to other than public sector		
Term loans	4,79,001.87	2,99,022.48
Total – Gross (A)	**4,79,001.87**	**2,99,022.48**
Less: Impairment loss allowance (refer note 26)	7,403.23	5,937.85
Total – Net (A)	**4,71,598.64**	**2,93,084.63**
(a) Secured by tangible assets	1,54,951.73	1,31,536.19
(b) Secured by accounts receivables, fixed deposits, LIC etc.	28,050.16	14,619.92
(c) Unsecured	2,95,999.98	1,52,866.37
Total – Gross (B)	**4,79,001.87**	**2,99,022.48**
Less: Impairment loss allowance	7,403.23	5,937.85
Total – Net (B)	**4,71,598.64**	**2,93,084.63**

Refer note 39.4 (i)

7.1 The business model of the company is to hold the assets for generating contractual cash flows on account of principal and interest and hence these are held at amortised cost. Sales, if any are insignificant and do not impact the business model.

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

(Rs. in Lakh)

Gross Carrying Amount			As of March 31, 2022		
Category	**Assets category**		**Expected Credit Loss**	**Net Carrying Amount**	**PD**
Stage 1 – High-quality assets	Loan	4,52,814.27	1,782.76	4,51,031.51	0.03% to 8.26%
Stage 2 – Assets including restructured assets for which there is a significant increase in credit risk	Loan	19,997.72	1,949.40	18,048.32	0.03% to 39.18%
Stage 3 - Credit impaired assets	Loan	6,189.88	3,671.07	2,518.81	100%
Total		**4,79,001.86**	**7,403.23**	**4,71,598.64**	

(Rs. in Lakh)

Gross Carrying Amount			As of March 31, 2021		
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**	**PD**
Stage 1 – High-quality assets	Loan	2,81,050.63	1,155.57	2,79,895.06	0.03% to 9.5%
Stage 2 – Assets for which there is a significant increase in credit risk	Loan	12,835.10	920.86	11,914.24	0.03% to 45.95%
Stage 3 - Credit impaired assets	Loan	5,136.75	3,861.42	1,275.33	100%
Total		**2,99,022.48**	**5,937.85**	**2,93,084.63**	

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

				(Rs. in Lakh)
FY 2021-22	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	2,81,050.63	12,835.10	5,136.75	**2,99,022.48**
Transfer during the year				
Transfers to Stage 1	1,461.56	(1,144.23)	(317.33)	-
Transfers to Stage 2	(8,783.38)	8,836.31	(52.93)	-
Transfers to Stage 3	(912.52)	(1,465.73)	2,378.25	-
New credit exposure during the year, net of repayments	1,80,092.73	1,035.00	(705.06)	**1,80,422.67**
Amounts written off	(94.75)	(98.73)	(249.80)	**(443.28)**
Gross carrying amount closing balance	**4,52,814.27**	**19,997.72**	**6,189.88**	**4,79,001.87**

				(Rs. in Lakh)
FY 2020-21	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	2,75,823.53	2,666.31	5,290.82	**2,83,780.67**
Transfer during the year				
Transfers to Stage 1	89.37	(59.83)	(29.54)	-
Transfers to Stage 2	(12,626.20)	12,626.20	-	-
Transfers to Stage 3	(1,514.07)	(1,590.32)	3,104.40	-
New credit exposure during the year, net of repayments	19,278.00	(807.25)	(3,228.93)	**15,241.81**
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**2,81,050.63**	**12,835.10**	**5,136.75**	**2,99,022.48**

				(Rs. in Lakh)
FY 2021-22	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balances	1,155.57	920.86	3,861.42	**5,937.85**
Transfer during the year				
Transfers to Stage 1	298.51	(110.31)	(188.20)	-
Transfers to Stage 2	(31.12)	62.51	(31.39)	-
Transfers to Stage 3	(3.23)	(141.30)	144.53	-
New credit exposure during the year, net of repayments	363.46	1,225.04	86.78	**1,675.28**
Amounts written off	(0.43)	(7.40)	(202.07)	**(209.90)**
ECL allowance - closing balance	**1,782.76**	**1,949.40**	**3,671.07**	**7,403.23**

				(Rs. in Lakh)
FY 2020-21	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balances	1,095.03	165.41	2,445.63	**3,706.07**
Transfer during the year				
Transfers to Stage 1	26.50	(4.29)	(22.21)	-
Transfers to Stage 2	(47.47)	47.47	-	-
Transfers to Stage 3	(5.69)	(114.10)	119.79	-
New credit exposure during the year, net of repayments	87.20	826.37	1,318.21	**2,231.78**
Amounts written off	-	-	-	-
ECL allowance - closing balance	**1,155.57**	**920.86**	**3,861.42**	**5,937.85**

7.2 The details of loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:
(a) repayable on demand or
(b) without specifying any terms or period of repayment

Type of borrower	**Amount of loan or advance in the nature of loan outstanding**	**Percentage of the total Loans and Advances in the nature of loans**
Promoter	-	-
Director	-	-
KMPs	-	-
Related Parties	-	-
Total	**-**	**-**

8. Trade Receivables

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Trade Receivables- Unsecured; Considered Good	316.90	259.45
Trade Receivables- Unsecured; Which has a significant increase in credit risk	-	-
Total	**316.90**	**259.45**
Impairment Loss Allowance	47.71	-
Net Receivables	**269.19**	**259.45**

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

b)Trade receivables days past due

As of March 31, 2022	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
Estimated total gross carrying amount at default*	-	268.25	-	9.38	-	39.27	316.90
ECL - simplified approach	-	-	-	8.44	-	39.27	47.71
Net carrying	**-**	**268.25**	**-**	**0.94**	**-**	**-**	**269.19**
As of March 31, 2021	**Current**	**1-90 days**	**91-180 days**	**181-270 days**	**270- 360 days**	**> 360 days**	**Total**
Estimated total gross carrying amount at default*	-	259.45	-	-	-	-	259.45
ECL - simplified approach	-	-	-	-	-	-	-
Net carrying	**-**	**259.45**	**-**	**-**	**-**	**-**	**259.45**

No trade or other receivable is due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable is due from the firm or private companies respectively in which any director is a partner or director or a member. The Company follows a 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of a simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. There are no receivables for which there has been a significant increase in credit risk or which have become credit-impaired.

Particulars	Outstanding for following periods from due date of payment					
As of March 31, 2022	**0- 6 Months**	**6 months– 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade Receivables – considered good	268.25	0.94	-	-	-	269.19
Disputed Trade Receivables considered good	-	-	-	-	-	-
Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivable – credit-impaired	-	-	-	-	-	-
Total	**268.25**	**0.94**	**-**	**-**	**-**	**269.19**

Particulars	Outstanding for following periods from due date of payment					
As of March 31, 2022	**0- 6 Months**	**6 months– 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade Receivables – considered good	259.45	-	-	-	-	259.45
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit-impaired	-	-	-	-	-	-
Disputed Trade receivable – credit-impaired	-	-	-	-	-	-
Total	**259.45**	**-**	**-**	**-**	**-**	**259.45**

9. Others Financial Assets

(Rs. in Lakh)

Particulars	**As of March 31, 2022**	**As of March 31, 2021**
Security Deposits	339.44	339.04
Total	**339.44**	**339.04**

10. Deferred tax Assets (net)

(Rs. in Lakh)

Particulars	**As of March 31, 2022**	**As of March 31, 2021**
Impairment of Financial instruments	1,551.65	1,299.12
Measurement of Financial instruments at amortised cost	196.03	-201.81
Disallowances under section 43B of the Income Tax Act, 1961	11.36	21.40
Difference between books and tax written down value of fixed assets	155.18	76.57
Total	**1,914.22**	**1,195.28**

(refer note 29.2 & 29.3)

11. Property, Plant and Equipment & Other Intangible Assets:

(Rs. in Lakh)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As of 01.04.2021	Additions for the year	Deletions for the year	As of 31.03.2022	Up to 01.04.2021	Charge for the year	Deletions for the year	Up to 31.03.2022	As of 31.03.2022
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	295.88	-	-	295.88	210.50	74.57	-	285.07	10.81
Computers	490.74	130.05	-	620.79	299.71	118.52	-	418.23	202.56
Office Equipment	390.93	26.99	-	417.92	147.35	77.94	-	225.29	192.63
Furniture and fixtures	102.57	1.81	-	104.38	36.11	16.68	-	52.79	51.59
Vehicle	81.04	185.42	-	266.46	28.31	45.21	-	73.52	192.94
Total	**1,373.61**	**344.27**	**-**	**1,717.88**	**721.98**	**332.92**	**-**	**1,054.90**	**662.98**
INTANGIBLE ASSETS									
Computer Software	2,369.56	557.27	-	2,926.83	1,482.12	669.05	-	2,151.17	775.66
Right of use assets - Premises	1,387.88	-	-	1,387.88	614.32	285.78	-	900.10	487.78

(Rs. in Lakh)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As of 01.04.2020	Additions for the year	Deletions for the year	As of 31.03.2021	Up to 01.04.2020	Charge for the year	Deletions for the year	Up to 31.03.2021	As of 31.03.2022
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	295.35	0.53	-	295.88	114.49	96.01	-	210.50	85.38
Computers	347.10	143.64	-	490.74	188.18	111.53	-	299.71	191.03
Office Equipment	343.35	49.77	2.19	390.93	75.60	73.58	1.83	147.35	243.58
Furniture and fixtures	102.30	0.27	-	102.57	19.15	16.96	-	36.11	66.46
Vehicle	81.04	-	-	81.04	12.12	16.19	-	28.31	52.73
Total	**1,181.59**	**194.21**	**2.19**	**1,373.61**	**409.54**	**314.27**	**1.83**	**721.98**	**651.63**
INTANGIBLE ASSETS									
Computer Software	1,689.83	679.73	-	2,369.56	759.34	722.78	-	1,482.12	887.44
Right of use assets - Premises	1,258.21	129.67	-	1,387.88	266.69	347.63	-	614.32	773.56

Intangible assets under development aging schedule

Intangible assets under development	Amount in CWIP for a period FY 2021-22				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	107.97	-	-	-	107.97
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development	Amount in CWIP for a period FY 2020-21				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	82.66	-	-	-	82.66
Projects temporarily suspended	-	-	-	-	-

12 Other Non-Financial Assets

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Prepaid Expenses	326.76	320.50
Balances with Government Authorities	225.31	379.25
Compensated absences Fund	29.47	66.46
Other Advances	913.42	341.06
Total	**1,494.96**	**1,107.27**

Note: Other advances mainly include receivable from erstwhile DHFL against fixed deposit collaterals maintained by Company's borrowers with DHFL (backed by bank guarantee).

13 TRADE PAYABLES

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	37.70	8.41
- Total outstanding dues of creditors Other than micro enterprises and small enterprises	3,378.85	1,745.74
Total	**3,416.55**	**1,754.15**

The amounts due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Disclosure pertaining to Micro and Small Enterprises As of March 31,2022 are as under :

Particulars	As of March 31, 2022	As of March 31, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	37.70	8.41
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	**37.70**	**8.41**

Particulars	Outstanding for following periods from due date of payment				
As of 31 March 2022	**0-1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	37.70	-	-	-	37.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,257.18	-	-	-	1,257.18
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**1,294.88**	**-**	**-**	**-**	**1,294.88**

Particulars	Outstanding for following periods from due date of payment				
As of 31 March 2021	**0-1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	8.41	-	-	-	8.41
Total outstanding dues of creditors other than micro enterprises and small enterprises	422.16	-	-	-	422.16
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**430.57**	**-**	**-**	**-**	**430.57**

*Unbilled dues are of Rs 2,121.67 lakh as on March' 22 (As on March '21- Rs 1,323.58 lakh)

14 DEBT SECURITIES

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
At Amortised Cost (Within India)		
Secured		
Non-Convertible Debentures (refer note 14.1 & 14.2)	1,08,556.39	85,057.16
Interest accrued but not due on borrowings	4,494.62	4,629.47
Unsecured		
Non-Convertible Debentures - (refer note 14.2)	7,442.79	7,429.73
Interest accrued but not due on borrowings	252.23	252.23
Commercial Papers (refer note 14.2)	2,500.00	-
Less : Unexpired discount on Commercial Papers	(21.49)	-
Total	**1,23,224.54**	**97,368.59**

14.1 Non-convertible debentures aggregating Rs.1,09,000 lakh (P.Y. 2020-21 Rs.85,500 lakh) are secured by way of first charge on freehold land (proportionately) and hypothecation on pool of certain loan fund balances of the Company.

14.2 Maturity profile and rate of interest/ discounted rate of interest of Non-Convertible Debentures (NCD):

(Rs. in Lakh)

Name of Security	Maturity date	As of March 31, 2022	As of March 31, 2021
Non-convertible debentures			
Private Placement - Face value of Rs.10,00,000 each			
8.70% Non- Convertible Debentures (1 Year MCLR of State Bank of India + 1.70%)	2021-22	-	25,000.00
8.75% Non-Convertible Debentures	2021-22	-	15,000.00
9.65% Non-Convertible Debentures	2022-23	1,000.00	1,000.00
11.40% Non-Convertible Debentures	2022-23	19,500.00	19,500.00
11.40% Non-Convertible Debentures	2022-23	10,500.00	10,500.00
10.05% Non-Convertible Debentures	2022-23	500.00	500.00
9.50% Non-Convertible Debentures	2023-24	5,000.00	5,000.00
9.50% Non-Convertible Debentures	2023-24	5,000.00	5,000.00
10.50% Non-Convertible Debentures (Unsecured)	2023-24	2,500.00	2,500.00
8.40% Non-Convertible Debentures	2023-24	10,000.00	-
8.40% Non-Convertible Debentures	2023-24	10,000.00	-
8.40% Non-Convertible Debentures	2023-24	3,500.00	-
8.40% Non-Convertible Debentures	2023-24	25,000.00	-
7.40% Non-Convertible Debentures	2024-25	15,000.00	-
10.10% Non-Convertible Debentures	2025-26	2,500.00	2,500.00
10.10% Non-Convertible Debentures	2025-26	1,500.00	1,500.00
9.50% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00
9.35% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00
Total NCD (A)		**1,16,500.00**	**93,000.00**
Commercial paper			
Private Placement - Face value of Rs.5,00,000 each			
5.85% AU small finance bank	2022-23	2,500.00	-
Total commercial paper (B)		**2,500.00**	**-**
Total (C) = (A) + (B)		**1,19,000.00**	**93,000.00**
Add : Interest accrued & effective Interest rate adjustments		4,224.54	4,368.59
Total		**1,23,224.54**	**97,368.59**

15 BORROWINGS (OTHER THAN DEBT SECURITIES)

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
At amortised cost (within India)		
Secured		
Term Loans from Banks (refer note 15.1 & 15.2)	2,10,874.80	1,18,248.71
Term Loans from other parties (refer note 15.1 & 15.2)	13,947.94	6,235.76
Cash Credit from Banks (refer note 15.3)	2,000.00	1,988.08
Interest accrued but not due on borrowings	42.86	94.02
Total (A)	**2,26,865.60**	**1,26,566.57**
At amortised cost (outside India)		
Secured		
External commercial borrowing	10,973.01	10,492.89
Interest accrued but not due on borrowings	32.29	29.36
Total (B)	**11,005.30**	**10,522.25**
Total (C) = (A) + (B)	**2,37,870.90**	**1,37,088.82**

15.1 Term loans from banks and other parties are secured against receivables.

Terms of repayment, nature of security & rate of interest in case of Borrowings (Other than Debt Securities)

(Rs. in Lakh)

Range of Rate of Interest	As of 31.03.2022			
	Up to one year (April 2022 to March 2023)	1-3 years (April 2023 to March 2025)	3 years & above (April 2025 onwards)	Total
6.01 % to 8.00%	4,050.00	8,400.00	8,025.00	20,475.00
8.01 % to 9.00%	38,641.91	86,342.03	64,420.23	1,89,404.17
9.01 % to 10.00%	7,948.95	9,409.34	9,161.89	26,520.18
10.01% to 11.00%	2,293.55	600.00	-	2,893.55
Total	**52,934.41**	**1,04,751.37**	**81,607.12**	**2,39,292.90**
Less: Interest Accrued & effective Interest rate Adjustments				(1,422.00)
Total				**2,37,870.90**

(Rs. in Lakh)

Range of Rate of Interest	As of 31.03.2021			
	Up to one year (April 2021 to March 2022)	1-3 years (April 2022 to March 2024)	3 years & above (April 2024 onwards)	Total
6.01 % to 8.00%	-	-	-	-
8.00 % to 9.00%	18,108.01	37,465.91	30,811.87	86,385.79
9.01 % to 10.00%	13,964.66	18,788.46	11,740.65	44,493.77
10.01% to 11.00%	4,485.48	2,893.55	-	7,379.03
Total	**36,558.15**	**59,147.92**	**42,552.52**	**1,38,258.59**
Less: Interest Accrued & effective Interest rate Adjustments				(1,169.77)
Total				**1,37,088.82**

15.2 The rate of interest for the above term loans is linked to the MCLR/base rates of the banks and is subject to change from time to time. The above categorization of loans has been based on the interest rates, prevalent as on the respective reporting dates.

15.3 Cash credit facility from bank is secured against receivables and bank overdraft is secured against fixed deposit with bank.

16. OTHER FINANCIAL LIABILITIES

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Employee Benefits Payable	993.09	792.48
Advance received from customers	7,447.50	4,849.87
Book overdraft	21,056.37	-
Lease liability	566.43	833.82
Amounts payable under securitisation arrangement	48,926.24	9,884.79
Total	**78,989.63**	**16,360.96**

17. PROVISIONS

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Provision for Employee Benefits		
- Gratuity (refer note 35)	74.62	43.66
Total	**74.62**	**43.66**

18. OTHER NON-FINANCIAL LIABILITIES

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Statutory dues	560.25	332.89
Total	**560.25**	**332.89**

19. EQUITY SHARE CAPITAL

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
AUTHORISED 100,000,000 Equity Shares of ` 10 each (FY 2020-21 10,00,00,000 Equity Shares of ` 10 each)	10,000.00	10,000.00
	10,000.00	**10,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP 82,591,861 Equity Shares of ` 10 each (FY 2020-21 82,591,861 Equity Shares of ` 10 each)	8,259.19	8,259.19
	8,259.19	**8,259.19**

19.1 (a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

(Rs. in Lakh)

	As of March 31, 2022		As of March 31, 2021	
Particulars	**Number**	**Amount**	**Number**	**Amount**
Shares outstanding at the beginning of the year	8,25,91,861	8,259.19	8,25,91,861	8,259.19
Shares issued during the year pursuant to preferential allotment	-	-	-	-
Shares outstanding at the end of the year	**8,25,91,861**	**8,259.19**	**8,25,91,861**	**8,259.19**

19.1 (b) Rights, Preferences and Restrictions

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

19.1 (c) List of shareholders holding more than 5% shares

Particulars	As of March 31, 2022		As of March 31, 2021	
	Number	**%**	**Number**	**%**
Olive Vine Investment Ltd*	6,60,73,488	80.00%	6,60,73,488	80.00%
International Finance Corporation Ltd	1,65,18,373	20.00%	1,65,18,373	20.00%

19.1. (d) Shareholding of promoters

As of March 31, 2022			% Change during the year	
Promoter Name	**No of Shares**	**% of total shares**		
Olive Vine Investment Ltd*	6,60,73,488	80.00%		

As of March 31, 2021			% Change during the year	
Promoter Name	**No of Shares**	**% of total shares**		
Olive Vine Investment Ltd*	6,60,73,488	80.00%		

* Including shares held jointly with nominee Shareholders

20.Other Equity

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Securities Premium	75,923.27	75,923.27
General reserve	0.14	0.14
Statutory Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	3,368.46	2,104.34
Stock Options Reserve	854.19	485.00
Cash Flow Hedge Reserve	23.27	-80.68
Retained Earnings	12,537.90	7,469.07
TOTAL	**92,707.23**	**85,901.14**

Note: For additions and deductions under each of the above heads, refer Statement of Changes in Equity

Securities premium:
Securities premium account is used to record the premium on issue of shares.

General Reserve:
The general reserve created from time to time by transferring profits from retained earnings for appropriation purpose.

Statutory Reserve:
Statutory Reserve is the reserve created by transferring a sum not less than twenty percent of the Company's net profit after tax every year in terms of Section 45-IC of the RBI Act, 1934.

Stock Options Reserve:
Stock options reserve account relates to the stock options granted by the Company to employees under an Employees Stock Option Scheme

Cash Flow Hedge Reserve:
It represents the cumulative gain / (loss) arising on revaluation of the derivative instruments designated as cash flow hedges through other comprehensive income.

Retained earnings:
Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, statutory reserve, debenture redemption reserve, dividends or other distributions paid to shareholders.

21. Interest Income

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial assets measured at amortised cost		
- Interest on Loans	46,044.97	38,253.38
- Interest Income on fixed deposit	1,470.14	2,985.28
Total	**47,515.11**	**41,238.66**

22. Net gain on fair value changes

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Realised gain on sale of mutual funds	394.10	449.73
Unrealised gain on mutual funds	-	2.33
Interest Income from Treasury Bill	0.33	-
Total	**394.43**	**452.06**

23. Fees and Commission income

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Forex commission	944.40	234.65
Insurance commission	654.25	189.66
Processing fees	675.70	913.12
Prepayment & other charges	644.60	773.91
Total	**2,918.95**	**2,111.34**

24. Other Income

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Miscellaneous income	25.68	46.37
Lease liability written back	-	40.70
Total	**25.68**	**87.07**

25. Finance costs

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	15,238.30	14,443.39
Interest on debt securities	10,288.22	9,146.56
Finance cost on lease liability	89.52	105.69
Financial liability towards securitisation	1,671.20	1,767.69
Other interest expense	101.46	145.84
Total	**27,388.70**	**25,609.17**

26. Impairment of financial instruments

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial assets measured at amortised cost		
Provision for expected credit loss	1,465.38	2,231.78
Write Offs	442.79	139.64
Total	**1,908.17**	**2,371.42**

27. Employee benefits expense

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Bonus and other allowances	6,138.03	5,516.73
Contribution to Provident Fund and Other Funds (refer note 35)	276.71	242.96
Gratuity (refer note 35)	94.98	88.14
Staff Welfare Expenses	137.43	85.90
Total	**6,647.15**	**5,933.73**

28. Other expenses

(Rs. in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Electricity Charges	50.58	35.56
Security Charges	8.17	8.40
Manpower Outsourcing	468.23	555.56
Rent	113.98	18.28
Office Maintenance	51.87	28.31
Insurance Charges	130.97	95.78
Rates and Taxes	41.60	27.02
Housekeeping Expenses	81.29	75.22
Business Sourcing Expenses	845.69	263.37
Travelling and Conveyance	506.69	258.17
Rating Fees	146.60	127.28
Printing and Stationery	57.24	62.72
Postage, Telephone and Fax	179.90	144.74
Advertising	345.95	151.75
Bank Charges	29.82	16.52
Director's Remuneration & Sitting Fees	78.04	62.68
Legal & Professional Expenses	1,294.42	1,439.40
Auditors' Remuneration (refer note below)	66.49	32.98
Corporate Social Responsibility expenses (refer note 34)	81.13	60.00
Miscellaneous Expenses	497.76	271.61
Total	**5,076.42**	**3,735.35**

Payments to auditors (including Goods and Services Tax to the extent of credit not availed) **(Rs. in Lakh)**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) For audit and limited reviews	58.53	29.33
b) For taxation matters	-	-
c) For other services	7.63	3.43
d) For reimbursement of expenses	0.33	0.22
Total	**66.49**	**32.98**

29 Reconciliation of total tax charge

(Rs. in Lakh)

29.1	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Current tax	2,983.45	1,682.95
	Deferred tax	(758.05)	(448.46)
	Total income tax expenses recognised in the current year	**2,225.40**	**1,234.49**
	Income tax expense recognised in other comprehensive income	39.12	(9.92)
	Income tax expense for the year reconciled to the accounting profit:		
	Profit before tax	8,545.98	4,854.77
	Income tax rate	25.17%	25.17%
	Income tax expense	2,150.85	1,221.85
	Tax effect of:		
	Impact on account of change in tax rate	-	-
	Others	74.55	12.64
	Income tax expense recognised in Profit and Loss	**2,225.40**	**1,234.49**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

For the year ended March 31, 2022

(Rs. in Lakh)

29.2	Deferred tax asset / (liability)	Opening balances as on 01.04.2021	Recognised in profit or loss (Expense) / Income	Recognised in other comprehensive income	Closing balances as on 31.03.2022
	Impairment of Financial instruments	1,299.12	252.53	-	1,551.65
	Measurement of Financial instruments at amortised cost	(201.81)	432.80	(34.96)	196.03
	Disallowances under section 43B of the Income Tax Act, 1961	21.40	(5.88)	(4.16)	11.36
	Difference between books and tax written down value of fixed assets	76.57	78.61	-	155.18
	Total	**1,195.28**	**758.06**	**(39.12)**	**1,914.22**

For the year ended March 31, 2021

(Rs. in Lakh)

29.3	Deferred tax asset / (liability)	Opening balances as on 01.04.2020	Recognised in profit or loss (Expense) / Income	Recognised in other comprehensive income	Closing balances as on 31.03.2021
	Impairment of Financial instruments	802.71	496.41	-	1,299.12
	Measurement of Financial instruments at amortised cost	(202.79)	(26.15)	27.13	(201.81)
	Disallowances under section 43B of the Income Tax Act, 1961	130.65	(92.04)	(17.21)	21.40
	Difference between books and tax written down value of fixed assets	6.32	70.25	-	76.57
	Total	**736.89**	**448.47**	**9.92**	**1,195.28**

(Rs. in Lakh)

Sr. No.	Particulars	As of March 31, 2022	As of March 31, 2021
30	**Contingent Liabilities And Commitments**		
	Contingent Liabilities	-	-
	Capital Commitments:		
	Undisbursed commitments	49,655.90	29,447.73
	Estimated number of contracts remaining to be executed on capital account and not provided for	120.52	-

31	Earning Per Equity Share	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
	Profit attributable to equity shareholders (Rs. in lakh)	6,320.58	3,789.86
	Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (Nos.)	8,25,91,861	8,25,91,861
	Basic and diluted earnings per share (Rs.)	7.65	4.59
	Nominal value per share (Rs.)	10.00	10.00
	Note : There is no dilution in the EPS on account of employee stock options issued during the year since the exercise price is equal to the fair value per share.		

32 Leasing

In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of operating leases are made.

The Company has acquired its office premises on operating lease basis for periods ranging from 1 year to 9 years

The Company has recognised lease liabilities and right to use assets as follows:

	Particulars	As of March 31, 2022	As of March 31, 2021
I.	**Lease Liabilities**		
	Opening Balance	833.82	1048.99
	Add: Lease liabilities recognised as on 01 April 2021 on application of Ind AS 116	-	-
	Add: Lease liabilities recognised during the year	-	143.10
	Less: Lease liabilities written off during the year	-	54.13
	Add: Interest accrued on lease liabilities	89.52	105.69
	Less: Lease payments	356.91	409.83
	Closing Balance of Lease Liabilities	**566.43**	**833.82**
II.	**Right of use assets (RoU assets)**		
	Opening balance	773.56	991.52
	Add: RoU assets recognised as on 01 April 2019 on application of Ind AS 116	-	-
	Add: RoU assets recognised during the year	-	143.10
	Less: RoU assets written off during the year	-	13.43
	Less: Depreciation on RoU assets	285.78	347.63
	Closing balance of RoU assets	**487.78**	**773.56**

The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.

Table showing contractual maturities of lease liabilities As of March 31, 2022 on an undiscounted basis:

Lease Liabilities and Lease Cash Flows (Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Less than one year - contractual undiscounted cash flows	262.41	279.97
One to five years	304.02	553.85
More than five years	-	
Total	**566.43**	**833.82**

Amount Recognised in Statement of Profit and Loss (Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Interest on lease liabilities charged to finance cost	89.52	105.69
Depreciation charge for the period on RoU assets	285.78	347.63
Total	**375.30**	**453.32**

Cash out flow on account of lease payments is Rs 267.38 lakhs (previous year Rs 215.07 lakhs)

The Company does not face significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

33 Segment Reporting

The Company operates in a single reportable operating segment of providing loans. Accordingly, there are no separate reportable segments, as per the Accounting Standard on 'Operating Segments' (Ind AS 108) prescribed under section 133 of the Companies Act, 2013.

The Company has its operation within India and all revenues are generated within India.

33 (A) Change in liabilities arising from financing activities

(Rs. in Lakh)

Particulars	As of April 01, 2021	Cash Flows (Net)	Others (net)*	As of March 31, 2022
Debt securities	97,368.59	21,631.41	4,223.25	1,23,223.25
Borrowing other than debt securities	1,37,088.82	1,02,523.97	(1,693.99)	2,37,918.80

Particulars	As of April 01, 2020	Cash Flows (Net)	Others (net)*	As of March 31, 2021
Debt securities	74,916.63	18,083.37	4,368.59	97,368.59
Borrowing other than debt securities	1,71,946.69	(33,770.60)	(1,087.27)	1,37,088.82

* Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

33 (B) Transfer of financial assets

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Loans and advances measured at amortised cost	As of March 31, 2022	As of March 31, 2021
Carrying amount of transferred assets measured at amortised cost	55,802.22	11,619.46
Carrying amount of associated liabilities measured at amortised cost	(48,858.51)	(7,933.37)

34 Expenditure towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 (read with schedule VII thereof)

a Gross amount required to be spent by the Company & approved by the board during the year – Rs. 81.13 lakh (Previous Year, Rs.60.00 lakh)

b **Details related to spent / unspent obligations:** (Rs in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	72.76	60.00
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	8.37	-

c **In case of S. 135(5) (Other than ongoing project)** (Rs in Lakh)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount spent during the year	Amount required to be spent during the year	Closing Balance
-	-	81.13	72.76	8.37

35 **Employee Benefit:**

Defined contribution plan

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

The Company's contribution to Provident Fund aggregating Rs. 264.87 lakh (Previous Year: Rs. 232.61 lakh) has been recognised in the Statement of Profit and Loss under the head Employees benefit expenses.

Defined benefit obligation plan

The liability under the Payment of Gratuity Act, 1972 is determined on the basis of an actuarial valuation made at the end of each financial year using the projected unit credit method.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it under writes all the risks pertaining to the plan. The actuarial risks associated are:

Investment / Interest Rate Risk:

The Company is exposed to Investment / Interest risk if there turn on the invested fund falls below the discount rate used to arrive at present value of the benefit.

Longevity Risks:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

Salary Risks:

The gratuity benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

a) The assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As of March 31, 2022	As of March 31, 2021
Significant assumptions		
Discount rate	5.15%	4.93%
Expected rate of salary increase	7.00%	5.00%
Other assumption		
Mortality rate	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

b) Amount recognised in Balance sheet in respect of these defined benefit obligation

(Rs. in Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021
Present value of defined benefit obligation	218.69	178.84
Fair value of plan assets	144.07	135.18
Net liability	**74.62**	**43.66**

c) Amount recognised in statement of profit and loss in respect of these defined benefit obligation:

(Rs. in Lakh)

Particulars	For The Year Ended March 31, 2022	For The Year Ended March 31, 2021
Current service cost	95.17	88.70
Net interest cost	(0.19)	(0.56)
Past service cost	-	-
Total amount recognised in statement of profit and loss	**94.98**	**88.14**
Remeasurements on the net defined benefit liability :		
- Actuarial (gain) / loss	(16.52)	(68.40)
Total amount recognised in other comprehensive income	**(16.52)**	**(68.40)**
Total	**78.46**	**19.74**

The current service cost and the net interest expense for the year are included in the 'Employee benefit expense' line item in the statement of profit and loss.

d) Movement in the present value of the defined benefit obligation are as follows: **(Rs. in Lakh)**

Particulars	As of March 31, 2022	As of March 31, 2021
Opening defined benefit obligation	178.84	161.32
Current service cost	95.17	88.70
Past service cost	-	-
Interest cost	8.23	8.71
Remeasurements (gains)/losses:		
- Actuarial gain from change in demographic assumptions	(9.68)	(13.04)
- Actuarial loss from change in financial assumptions	9.68	(13.53)
- Actuarial gain from change in experience adjustments	(16.06)	(48.30)
Benefits paid	(47.40)	(5.02)
Closing defined benefit obligation	**218.78**	**178.84**

e) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are as follows :

(Rs. in Lakh)

	31st March 2022		31st March 2021	
Particulars	**Discount rate**	**Salary Escalation Rate**	**Discount rate**	**Salary Escalation Rate**
Defined benefit obligation on increase in 100 bps	211.62	224.63	172.03	184.82
Impact of increase in 100 bps on DBO	-3.23%	2.72%	-3.81%	3.34%
Defined benefit obligation on decrease in 100 bps	226.25	213.00	186.17	173.17
Impact of decrease in 100 bps on DBO	3.46%	-2.60%	4.10%	-3.17%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to note(a) above.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

f) Projected benefits payable: **(Rs. in Lakh)**

Particulars	As of March 31, 2022	As of March 31, 2021
Expected benefits for year 1	40.94	23.42
Expected benefits for year 2	47.65	31.01
Expected benefits for year 3	38.69	34.02
Expected benefits for year 4	32.52	28.62
Expected benefits for year 5	26.81	23.80
Expected benefits for year 6 to 10	60.60	59.00

The weighted average duration to the payment of these cash flows is 2.30 years (FY2019-20 : 2.80 years)

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified.The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

The Company expects to contribute approximately Rs 43.66 lakh (previous year 74.62 lakh) to the gratuity fund

g) Investment pattern:

Particulars	FY 2021-22	FY 2020-21
Government securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special deposit scheme	0%	0%
Policy of insurance*	100%	100%
Bank balance	0%	0%
Other investments	0%	0%
Total	**100%**	**100%**

***Components of investment by the insurance company are:**

Particulars	FY 2021-22	FY 2020-21
Government securities	100%	100%
Corporate bonds -	0%	0%
AAA	0%	0%
AA+	0%	0%
AA	0%	0%
Cash, deposits, MMI	0%	0%
Total	**100%**	**100%**

36 Related Party Disclosure:

As per Ind AS 24 — "Related Party Disclosures", following disclosure are made:

Names of related parties and description of Relationship

(i) Holding Company

Olive Vine Investment Ltd (From July 30, 2019)(An affiliate of Warburg Pincus LLC)

(ii) Directors

Mr. Neeraj Swaroop - Independent director (appointed w.e.f. July 30, 2019)

Mrs. Vijayalakshmi Iyer - Independent director (appointed w.e.f. July 30, 2019)

Mr. Narendra Ostawal - Non executive director (appointed w.e.f. July 30, 2019)

Mrs. Savita Mahajan - Independent director (appointed w.e.f. December 01, 2018)

Mr. Ravi Venkatraman- Independent director (appointed w.e.f. July 5, 2021)

Mr. Amit Gainda- Managing Director (appointed w.e.f. March 2, 2022)

Key Management Personnel

Mr. Amit Gainda - Chief Executive Officer

Mr. Rahul Bhapkar - Chief Financial Officer (resigned w.e.f. June 01, 2021)

Mr. Vineet Mahajan - Chief Financial Officer (appointed w.e.f. September 22, 2021)

Mr. Rakesh Dhanuka - Company Secretary (resigned w.e.f. August 06, 2021)

Mr. Vikas Tarekar - Company Secretary' (appointed w.e.f. September 02, 2021)

(v) Details of transactions with related parties

(Rs. in Lakh)

Name of the related party	March 31, 2022	March 31, 2021
Key Management Personnel (KMP) Remuneration	469.76	472.83
Director's Commission		
Neeraj Saroop	21.80	21.80
Vijayalakshmi Iyer	10.90	10.90
Savita Mahajan	10.90	10.90
Ravi Venkatraman	8.17	-
Sitting Fees		
Neeraj Saroop	6.65	7.96
Vijayalakshmi Iyer	7.52	7.09
Savita Mahajan	5.45	4.03
Ravi Venkatraman	6.65	-

(Rs. in Lakh)

Balances as of	March 31, 2022	March 31, 2021
Director's Commission		
Neeraj Saroop	21.80	21.80
Vijayalakshmi Iyer	10.90	10.90
Savita Mahajan	10.90	10.90
Ravi Venkatraman	8.17	-

36.1 There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

36.2 The transactions disclosed above are inclusive of 9% GST.

37 Maturity Analysis of Assets and Liabilities

(Rs. in Lakh)

Sr. No.	Assets	March 31, 2022			March 31, 2021		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(1)	**Financial Assets**						
(a)	Derivative financial instruments	-	350.99	350.99	-	-	-
(b)	Cash and cash equivalents	63,048.59	-	63,048.59	42,638.25	-	42,638.25
(c)	Bank balances other than (a) above	0.60	2,693.99	2,694.59	343.02	670.97	1,013.99
(d)	Loans	53,235.65	4,18,362.99	4,71,598.64	75,888.08	2,17,196.55	2,93,084.63
(e)	Investments	1,273.50	-	1,273.50	5,502.06	-	5,502.06
(f)	Trade receivables	269.19	-	269.19	259.45	-	259.45
(g)	Other financial assets	48.76	290.68	339.44	8.14	330.90	339.04
		1,17,876.30	4,21,698.66	5,39,574.94	1,24,638.99	2,18,198.42	3,42,837.42
(2)	**Non-financial Assets**						
(a)	Current tax assets (net)	-	276.78	276.78	-	174.19	174.19
(b)	Deferred tax assets (net)	-	1,914.22	1,914.22	-	1,195.28	1,195.28
(c)	Property, plant and equipment	-	662.98	662.98	-	651.63	651.63
(d)	Intangible assets under development	-	107.97	107.97	-	82.66	82.66
(e)	Other intangible assets	-	1,263.44	1,263.44	-	1,661.00	1,661.00
(f)	Other non-financial assets	225.32	1,269.64	1,494.96	379.25	728.01	1,107.27
		225.32	**5,495.02**	**5,720.34**	**379.25**	**4,492.76**	**4,872.01**
	Total	**1,18,101.63**	**4,27,193.68**	**5,45,295.29**	**1,25,018.24**	**2,22,691.18**	**3,47,709.43**
	LIABILITIES						
(1)	**Financial Liabilities**						
(a)	Derivative financial instruments	-	-	-	-	190.31	190.31
(b)	Trade payables	3,416.54	-	3,416.54	1,754.16	-	1,754.16
(c)	Debt securities	42,725.36	80,499.18	1,23,224.54	74,881.70	22,486.89	97,368.59
(d)	Borrowings (other than debt securities)	53,121.67	1,84,749.23	2,37,870.90	36,632.35	1,00,456.47	1,37,088.82
(e)	Other financial liabilities	29,459.52	49,530.11	78,989.63	2,377.19	13,983.78	16,360.96
	Total Financial Liabilities	**1,28,723.09**	**3,14,778.52**	**4,43,501.60**	**1,15,645.39**	**1,37,117.45**	**2,52,762.85**
(2)	**Non-Financial Liabilities**						
(a)	Current tax liabilities (net)	192.38	-	192.38	409.74	-	409.74
(b)	Provisions	-	74.62	74.62	-	43.66	43.66
(c)	Other non-financial liabilities	560.25	-	560.25	332.89	-	332.89
	Total Non-Financial Liabilities	**752.64**	**74.62**	**827.26**	**742.64**	**43.66**	**786.29**
	Total	**1,29,475.73**	**3,14,853.13**	**4,44,328.86**	**1,16,388.03**	**1,37,161.10**	**2,53,549.14**

38 The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 48,26,799 equity shares of the face value of Rs.10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholder sunder Section 62 of the Companies Act, 2013. The shareholders of the Company vide their special resolution passed at its 18th extra ordinary general meeting held on February 5, 2020 approved the issue of equity shares of the Company under Avnase Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

Vesting period of the options issued under the ESOP Scheme is on a straight-line basis over the period of 4 years with the vesting condition of continuous employment with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, five grants have been made as of 31 March 2022, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

As on March 31, 2022

Grant Date	**5-Feb-20**	**5-Feb-21**	**1-Jun-21**	**1-Oct-21**	**8-Feb-22**
Exercise Price	152	193	193	230	230
Option Granted	34,27,772	4,64,741	72,623	2,99,665	41,163
Option vested and exercisable	7,45,208	81,533	-	-	-
Option unvested	22,49,755	3,17,456	72,623	2,99,665	41,163
Option exercised	-	-	-	-	-
Option cancelled	4,32,809	65,752	-	-	-
Option Outstanding	29,94,963	3,98,989	72,623	2,99,665	41,163
Weighted average remaining contractual life (years)	1.51	1.56	1.67	2.37	2.36

As on March 31, 2021		
Grant Date	**5-Feb-20**	**5-Feb-21**
Exercise Price	152	193
Option Granted	34,27,772	4,64,741
Option vested and exercisable	4,26,395	-
Option unvested	27,79,292	4,64,741
Option exercised	-	-
Option cancelled	2,22,085	-
Option Outstanding	32,05,687	4,64,741
Weighted average remaining contractual life (years)	2.33	2.51

Weighted average fair value of stock options granted during the year is as follows:

Particulars	**FY 2022**	**FY 2021**
Grant Date	1-Jun-21 / 1-Oct-21 /8-Feb-22	5-Feb-21
No. of Option Granted	4,13,451	4,64,741
Weighted average fair value Rs.	65.66	55.63

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant Date	**5-Feb-20**	**5-Feb-21**	**1-Jun-21**	**1-Oct-21**	**8-Feb-22**
Risk Free Interest Rate (%)	6.1	5.48	5.55	5.47	5.47
Expected life	4 years	4 years	4 years	4 years	4 years
Expected volatility	17.57	24.53	25	24.93	24.93
Dividend yield	-	-	-	-	-
Fair market value at the time of option grant (Rs.)	152	193	193	230	230

The Charge on account of above scheme is included in employee benefit expense aggregating Rs. 369.20 Lakh (previous year Rs 406.00 Lakh)

39 Financial Instruments

39.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximize shareholders value and minimise cost of capital. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in financial covenants would permit the lender to immediately call loans and borrowings.

The Company is subject to capital adequacy ratio ("CAR") requirements which are prescribed by the RBI. The Company is currently required to maintain a minimum 15% as prescribed under the prudential norms of the RBI under the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 based on the total capital to risk weighted assets as part of the governance policy. We generally maintain capital adequacy higher than the statutorily prescribed CAR. The capital adequacy ratio, which was computed on the basis of the applicable RBI requirements, is as below. We believe that our high capital adequacy gives us significant headroom to grow our business.

Capital Risk Adequacy Ratio (CRAR):

Particulars	**As of March 31, 2022**	**As of March 31, 2021**
Capital Funds		
Net owned funds (Tier I Capital)	96,054.74	90,404.13
Tier II Capital	5,983.45	6,658.78
Total capital funds	1,02,038.19	97,062.91
Total risk weighted assets / exposures	4,44,465.52	2,96,522.70
% of capital funds to risk weighted assets / exposures		
Tier I capital	21.61%	30.49%
Tier II capital	1.35%	2.25%
Total capital funds	22.96%	32.74%

39.2 Fair Value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Accounting classifications and fair values

(Rs. in Lakh)

	Carrying Value				**Fair Value**			
As of March 31, 2022	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Derivative financial instruments	-	350.99	-	350.99	-	350.99	-	350.99
Cash and cash equivalents	-	-	63,048.59	63,048.59	-	-	-	-
Other bank balances	-	-	2,694.59	2,694.59	-	-	-	-
Loans	-	-	4,71,598.64	4,71,598.64	-	-	-	-
Investments	1,273.50	-	-	1,273.50	-	1,273.50	-	1,273.50
Trade Receivables	-	-	269.19	269.19	-	-		
Other financial assets	-	-	339.44	339.44	-	-	-	-
Total	**1,273.50**	**350.99**	**5,37,950.45**	**5,39,574.95**	**-**	**1,624.49**	**-**	**1,624.49**
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade payables	-	-	3,416.55	3,416.55	-	-		
Debt securities	-	-	1,23,224.54	1,23,224.54	-	-	-	-
Borrowings (other than debt securities)	-	-	2,37,870.90	2,37,870.90	-	-	-	-
Other financial liabilities	-	-	78,989.63	78,989.63	-	-	-	-
Total	**-**	**-**	**4,43,501.61**	**4,43,501.61**	**-**	**-**	**-**	**-**

As of March 31, 2021	Carrying Value				Fair Value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	42,638.25	42,638.25	-	-	-	-
Other bank balances	-	-	1,013.99	1,013.99	-	-	-	-
Loans	-	-	2,93,084.63	2,93,084.63	-	-	-	-
Investments	5,502.06	-	-	5,502.06	-	5,502.06	-	5,502.06
Trade Receivables	-	-	259.45	259.45	-	-		
Other financial assets	-	-	339.04	339.04	-	-	-	
Total	**5,502.06**	**-**	**3,37,335.37**	**3,42,837.42**	**-**	**5,502.06**	**-**	**5,502.06**
Financial liabilities								
Derivative financial instruments	-	190.31	-	190.31	-	190.31	-	190.31
Trade payables	-	-	1,754.15	1,754.15	-	-	-	-
Debt securities	-	-	97,368.59	97,368.59	-	-	-	-
Borrowings (other than debt securities)	-	-	1,37,088.82	1,37,088.82	-	-	-	-
Other financial liabilities	-	-	16,360.96	16,360.96	-	-	-	-
Total	**-**	**190.31**	**2,52,572.52**	**2,52,762.83**	**-**	**190.31**	**-**	**190.31**

Notes:

a) All loans given other than digital are at floating interest rate thus, amortised costs equals their fair value

b) Derivative financial instruments are through FVTOCI on account of hedge accounting

c) Investments in mutual funds are valued at fair value using the NAVs quoted by the respective Fund houses on the reporting date.

d) Derivatives are fair valued using observable foreign exchange rates and interest rates

Fair value hierarchy (continued)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes units of mutual funds (open ended).

Level 2: The fair value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable,

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between level 1, level 2 and level 3 for the year ended 31 March 2022 and 31 March 2021.

39.3 Fair value measurement

Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables, investments, loans and trade and other payables as on March 31, 2022 approximate the fair value because of their short-term nature. Difference between carrying amount and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented

As of March 31, 2022	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	4,71,598.64	-	-	4,72,837.48	4,72,837.48
Financials Liabilities					
Debt securities	1,23,224.54	-	-	1,19,596.01	1,19,596.01
Borrowings (other than debt securities)	2,37,870.90	-	-	2,36,914.23	2,36,914.23

As of March 31, 2021	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	2,93,084.63	-	-	2,94,105.95	2,94,105.95
Financials Liabilities					
Debt securities	97,368.59	-	-	96,403.26	96,403.26
Borrowings (other than debt securities)	1,37,088.82	-	-	1,36,155.96	1,36,155.96

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies on assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies ond assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Financial assets at amortised cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model

Off-balance sheet

Estimated fair value of off-balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual committed cash flows, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk

39.4 Financial risk management

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

- Credit risk ;
- Operational risk ;
- Liquidity risk ; and
- Market risk (including interest rate risk)
- Forex risk

Risk management framework

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to several risks related to the lending business and operating environment. The Company has established risk management and audit frameworks to identify, assess, monitor and manage various types of internal and external risks. This framework is driven by the Board through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, identification, monitoring and providing oversight on management of risk of the Company.

i) Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk management structure includes separate credit policies and procedures for various businesses. The credit policies outline the type of products that can be offered, customer categories, the targeted customer profile, prudential limits, exceptional approval metrics etc. and the credit approval process and limits. Credit approvers and relationship managers are responsible for ensuring adherence to these policies.

The Company has structured and standardized credit approval processes which include comprehensive credit risk assessment encompassing analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower. The credit appraisal process includes identification of underlying risks, mitigating factors and residual risks associated with the customer.

Sanctioning authority for credit exposures are based on defined Delegation of Credit Authority. The delegated powers are based on a Committee approach. For cases sanctioned as per delegation of authority, after completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

The Company measures, monitors and manages credit risk at an individual borrower level and at the portfolio level for non-retail borrowers. The credit risk for retail borrowers is managed at the portfolio level. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

The Company's current credit risk grading framework comprises the following categories:		
Category	**Description**	**Basis for recognising expected credit losses**
Stage 1	High quality assets	Education Loans: Average ECL based on vintage data analysis Education Institution Loans: Internal rating mapped with CRISIL ratings; corresponding probability of defaults is used using CRISIL default study SME – Annual Loss Rate
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL - Credit impaired

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on historical behaviour of the book & roll rates for retail and comparative external ratings for commercial finance.

EAD - The estimated credit exposure at point of default

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from there alisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on valuation of collaterals and other relevant factors.

ii) Operational risk

Operational risk is the risk of loss resulting from inadequate internal processes, people or systems, fraud, or from external events. The Company focuses on management and control of operational risks through a comprehensive system of internal controls and monitoring performance of each function against defined thresholds Operational risk management comprises identification and assessment of risks and controls, new products and process approval framework, measurement through operational risk incidents, monitoring through key risk indicators and mitigation through process and control enhancement.

iii) Liquidity risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

We manage liquidity risk in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for the management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The Company has Rs 41,600 lakh undrawn lines of credit as of March 31, 2022 against Rs 14,100 lakh as of March 31, 2021, from its bankers for working capital requirements.

The Company has the right to draw upon these lines of credit based on its requirement and terms of drawdown.

Exposure to liquidity risk: The following are the details of Company's remaining contractual maturities of financial liabilities and assets at the reporting date. The amounts are gross and undiscounted.

Contractual cash flows (Rs. in Lakh)

March 31, 2022	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	-	-	-	-	-
Trade payables	3,416.51	3,416.51	-	-	-
Debt securities	1,44,821.22	53,975.47	65,688.23	20,349.41	4,808.12
Borrowings (other than debt securities)	2,89,167.25	71,506.08	1,19,382.15	75,343.31	22,935.70
Other financial liabilities	78,989.63	29,459.52	15,965.99	17,071.82	16,492.31
Total	**5,16,394.61**	**1,58,357.58**	**2,01,036.37**	**1,12,764.54**	**44,236.13**
Financial Assets					
Derivative financial instruments	350.99	-	-	-	350.99
Cash and cash equivalents	63,048.61	63,048.61	-	-	-
Other bank balances	2,694.59	0.60	95.38	-	2,598.61
Loans	7,85,442.89	1,07,639.85	1,57,247.21	1,87,544.00	3,33,011.83
Investments	1,273.50	1,273.50	-	-	-
Trade receivables	269.19	269.19	-	-	-
Other financial assets	339.43	48.75	246.33	33.55	10.80
Total	**8,53,419.20**	**1,72,280.20**	**1,57,588.92**	**1,87,577.55**	**3,35,972.23**

(Rs. in Lakh)

Contractual cash flows

March 31, 2021	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	190.31	-	-	-	190.31
Trade payables	1,754.13	1,754.13	-	-	-
Debt securities	97,368.59	74,881.70	14,000.00	4,000.00	4,486.89
Borrowings (other than debt securities)	1,67,046.30	47,452.19	72,121.60	34,872.58	12,599.93
Other financial liabilities	16,360.96	2,377.19	3,388.52	3,364.77	7,230.49
Total	**2,82,720.29**	**1,26,465.20**	**89,510.11**	**42,237.35**	**24,507.62**
Financial Assets					
Cash and cash equivalents	42,638.25	42,638.25	-	-	-
Other bank balances	1,013.99	343.02	670.97	-	-
Loans	4,78,507.66	1,07,243.02	2,01,494.50	1,12,747.87	57,022.27
Investments	5,502.06	5,502.06	-	-	-
Other financial assets	259.45	8.14	99.49	126.29	25.53
Total	**5,27,921.40**	**1,55,734.49**	**2,02,264.96**	**1,12,874.16**	**57,047.79**

The gross inflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv) **Market risk (interest risk)**

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

Exposure to interest rate risk

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(Rs. in Lakh)

Particulars	March 31, 2022	March 31, 2021
Financial assets		
Fixed-rate instruments		
Term loans	48,583.31	15,833.75
Investment in treasury bill	1,273.50	-
Floating-rate instruments		
Term loans	4,23,015.33	2,77,250.88
Investment in mutual fund	-	5,502.06
Total	**4,72,872.14**	**2,98,586.69**
Financial liabilities		
Fixed-rate instruments		
Non-convertible debentures	1,20,746.03	70,805.21
Commercial paper	2,478.51	-
Floating-rate instruments		
Loan from Banks & Fis	2,26,865.60	1,26,566.57
External commercial borrowing	11,005.30	10,522.25
Non convertible debentures	-	26,563.38
Total	**3,61,095.44**	**2,34,457.41**

Fair value sensitivity analysis for Floating-rate instruments

The sensitivity analysis below have been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates. If interest rates had been 100 basis points higher or lower and all other variables were constant, the Company's profit before tax would have changed by the following:

Particulars	March 31, 2022		March 31, 2021	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans				
Term loans	4,230.15	(4,230.15)	2,772.51	(2,772.51)
Investment in mutual fund	-	-	55.02	(55.02)
Floating rate borrowings				
Loan from Banks & Fis	(2,268.66)	2,268.66	(1,265.67)	1,265.67
External commercial borrowing	(110.05)	110.05	(105.22)	105.22
Non-convertible debentures	-	-	(265.63)	265.63
	1,851.44	**(1,851.44)**	**1,191.01**	**-1,191.01**

v) **Forex risk**

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

(Rs. in Lakh)

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Line in the balancesheet	Weighted average contract/ strike priceof the hedging instrument	Change in the fairvalue in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2022						
INR USD - Cross currency swap	11,049.00	350.99	-	Derivative Financial Instruments	73.66	
March 31, 2021						
INR USD - Cross currency swap	11,049.00	-	190.31	Derivative Financial Instruments	73.66	-

Hedged Item

(Rs. in Lakh)

Particulars	Change in the value of hedged item used as the basis for recognising hedge in effectiveness	Cash flow hedge reserve as at - (Debit)/ Credit -	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2022				
External Commercial Borrowings	(319.90)	23.27	-	NA
March 31, 2021				
External Commercial Borrowings	82.50	(80.68)	-	NA

The impact of the cashflow hedges in other comprehensive income:

Particulars	Hedging gains or losses recognised in other comprehensive income	
	March 31, 2022	**March 31, 2021**
Cross currency swap	138.91	(107.81)

40 The below disclosures required pursuant to the RBI master directions and circulars are prepared after giving effect required to comply with the extant provisions of Reserve Bank of India directions including framework on Prudential Norms and other related circulars

(Rs. in Lakh)

40.1 Disclosure requirements as per RBI circular dated March 13, 2020, having reference number RBI/2019-20/170, DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 as per para 2 of Prudential Floor of ECL

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	4,52,814.27	1,782.76	4,51,031.51	1,811.26	(28.50)
	Stage 2	19,997.72	1,949.40	18,048.32	1,387.23	562.17
Subtotal		**4,72,811.99**	**3,732.16**	**4,69,079.83**	**3,198.49**	**533.67**
Non-Performing Assets						
Substandard	Stage 3	1,862.41	1,008.01	854.40	186.24	821.77
Doubtful						
Upto 1 year	Stage 3	1,432.20	869.52	562.68	879.80	(10.28)
1 to 3 years	Stage 3	2,822.44	1,760.06	1,062.38	1,798.99	(38.93)
More than 3 years	Stage 3	72.83	33.48	39.35	45.61	(12.13)
Subtotal for doubtful		**4,327.47**	**2,663.06**	**1,664.41**	**2,724.40**	**(61.34)**
Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage 1	4,52,814.27	1,782.76	4,51,031.51	1,811.26	(28.50)
	Stage 2	19,997.72	1,949.40	18,048.32	1,387.23	562.17
	Stage 3	6,189.88	3,671.07	2,518.81	2,910.64	760.43
		4,79,001.87	**7,403.23**	**4,71,598.64**	**6,109.13**	**1,294.10**

Notes :

a. The Company has made provision for expected credit loss as per the requirements of the Accounting Standards which is higher than that required by the aforesaid RBI circular.

Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR. No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 ("RBI Circular")

Period	Respective amounts in SMA/ overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	Respective amount where asset classification benefits is extended	Provisions made in terms of paragraph 5 of RBI Circular	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular
Overdue as on February 29, 2020	3,516.57	3,516.57	175.83	92.76

40.2 Interest on interest:

(i) In light of the Ministry of Finance's circular dated 23 October, 2020, the Company has determined interest on interest for the moratorium period from 1 March, 2020 to 31 August, 2020 aggregating Rs. 320.77 Lakh payable to all customers having an outstanding balance as on 29 February 2020 of up to Rs. 2 crore and irrespective of whether these customers have availed moratorium or not. The Company has given credit / refunded the above amounts to the respective customer account and has filed a claim as per aforesaid circular and have recorded a receivable from government.

(ii) Further, in light of the recent Supreme Court Judgement dated 23 March 2021 and RBI Circular dated 7 April 2021, the Company has accounted a liability for Rs. 78.28 Lakh towards customers other than those covered above in respect of interest on interest / penal interest charged by the Company. Out of this, Rs. 19.63 Lakh is in respect of assigned portfolio and hence accounted as recoverable from the assignees. Balance amount has been charged to the Statement of Profit and Loss.

41 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated 4th November 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies

Qualitative Disclosure on Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the liquidity position in a stress scenario. Reserve Bank of India introduced LCR requirement for all deposit taking NBFCs and non-deposit taking NBFCs with an asset size of Rs.5,000 crore and above but less than Rs 10,000 crore. LCR will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. HQLA refers to the category of liquid assets that can be readily sold or immediately converted into cash at a little loss of value or used as collateral to obtain funds in a range of stress scenarios. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30-day calendar period.

The Company has adopted the liquidity risk management framework as required under RBI guidelines. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing a Company's stock of HQLA by its total net cash outflows over a 30 -day stress period. The guidelines for LCR were effective from 1st December 2020 with the minimum LCR to be 30%, progressively increasing, till reaches the required level of 100% by 1st December, 2024 as follows:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum LCR	30%	50%	60%	85%	100%

In order to determine HQLA, Company considers Cash and Bank Balances, Investment in Treasury bill without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per guidelines, stressed cash flow is to be computed by assigning a predefined stress percentage to the overall cash inflows (i.e. 115%) and cash outflows (with haircut of 25%). Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly, LCR would be computed by dividing Company's stock of HQLA by its total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3- notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine Inflows from fully performing exposures, Company considers the contractual repayments from performing advances in next 30 days. Other Cash inflows includes investments in liquid mutual funds, and other assets which are maturing within 30 days.

Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended 31 March 2022 is given below:

	Quarter ended 31-Mar-22		**Quarter ended 31-Dec-21**		**Quarter ended 30-Sep-21**		**Quarter ended 30-Jun-21**	
	Unweighted value-average	**Weighted value-average**	**Unweighted value-average**	**Weighted value-average**	**Unweighted value-average**	**Weighted value-average**	**Unweighted value-average**	**Weighted value-average**
High quality liquid assets								
1 Total high quality liquid assets	64,322.09	64,322.09	54,587.76	51,361.21	39,769.39	38,119.27	56,733.70	52,374.52
(i) Cash & Bank balances	63,048.59	63,048.59	33,077.38	33,077.38	28,768.60	28,768.60	27,672.54	27,672.54
(ii) Investment in T-Bills	1,273.50	1,273.50	-	-	-	-	-	-
(iii) Investment in Mutual Fund	-	-	21,510.38	18,283.83	11,000.79	9,350.67	29,061.16	24,701.98
Cash outflows								
2 Term loans	3,565.30	4,100.09	1,681.64	1,933.89	3,263.96	3,753.56	5,491.48	6,315.20
3 Debts	-	-	15,432.52	17,747.39	2,644.99	3,041.73	26,747.33	30,759.43
4 Other contractual funding obligations	21,939.41	25,230.32	13,331.90	15,331.69	2,662.09	3,061.41	2,819.10	3,241.97
5 Other non-financial liabilities	560.25	644.29	382.43	439.79	349.02	401.37	415.27	477.56
Total cash outflows	**26,064.95**	**29,974.71**	**30,828.49**	**35,452.76**	**8,920.06**	**10,258.07**	**35,473.18**	**40,794.16**
Cash inflows								
7 Loans	5,904.85	4,428.63	9,145.96	6,859.47	7,486.35	5,614.77	9,292.86	6,969.64
8 Inflows from fully performing exposures	-	-	-	-	-	-	-	-
9 Other cash inflows	22.78	17.09	-	-	-	-	-	-
Total cash inflows	**5,927.63**	**4,445.72**	**9,145.96**	**6,859.47**	**7,486.35**	**5,614.77**	**9,292.86**	**6,969.64**
	Total adjusted value		**Total adjusted value**		**Total adjusted value**		**Total adjusted value**	
Total HQLA		**64,322.09**		**51,361.21**		**38,119.27**		**52,374.52**
Total Net Cash Outflows		**25,528.99**		**28,593.29**		**4,643.30**		**33,824.52**
Liquidity Coverage Ratio (%)		**251.96%**		**179.63%**		**820.95%**		**154.84%**

Note : The figures above are excluding interest

42 **Corporate Governance and Disclosure Norms for NBFCs:**
(As stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014)

42.1 **Capital Risk Adequacy Ratio (CRAR):**

Particulars	**As of March 31, 2022**	**As of March 31, 2021**
Capital Funds		
Net owned funds (Tier I Capital)	96,054.74	90,404.13
Tier II Capital	5,983.45	6,658.78
Total capital funds	**1,02,038.19**	**97,062.91**
Total risk weighted assets / exposures	**4,44,465.52**	**2,96,522.70**
% of capital funds to risk-weighted assets / exposures		
Tier I capital	21.61%	30.49%
Tier II capital	1.35%	2.25%
Total capital funds	22.96%	32.74%

42.2 Exposures:

I	Exposure to Real Estate Sector	As of March 31, 2022	As of March 31, 2021
a)	**Direct Exposure**		
(i)	**Residential Mortgages-**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lakhs may be shown separately)	45,523.67	35,146.05
(ii)	**Commercial Real Estate-**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund-based (NFB) limits;	-	-
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures-**		
	a) Residential,	-	-
	b) Commercial Real Estate.	-	-
b)	**Indirect Exposure**		
	Fund-based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	Total Exposure to Real Estate	**45,523.67**	**35,146.05**

Note :
In line with RBI Circular dated September 9, 2009 on Classification of Exposure as Commercial Real Estate (CRE) by Banks, an exposure would be classified as 'CRE' only if the repayment of loan is dependent on the cash flows generated from real estate asset (e.g., rentals/sales proceeds). However, the primary source of repayments in case of Education Institution Loans are the cash flows generated from business operations of such institutions (e.g. Tuition Fees / School Fees etc.) and not from rentals / sale proceeds. Hence, such exposures shall not be categorised as 'CRE' and accordingly relevant disclosure for FY 2020-21 & FY 2019-20 is being reflected and reported as 'NIL'.

II	Exposure to Capital Market	As of March 31, 2022	As of March 31, 2021
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(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;	-	-
(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;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market		

III	**Details of financing of parent company products**	-	-
IV	**Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**	-	-
V	**Unsecured Advances** Amount of advances given against intangible securities	-	-

42.2a	**Derivatives**		
	Interest rate swap	**As of March 31, 2022**	**As of March 31, 2021**
	The notional principal of swap agreements	11,049.00	11,049.00
	Losses which would be incurred of counterparties failed to fulfil their obilgations under the agreements Collateral required by the NBFC upon entering into swaps	319.88	-

42.3 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

(Rs. in Lakh)

Particulars	up to 30 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	3,237.13	1,855.97	7,398.94	11,794.26	23,282.38	88,940.46	60,625.00	15,830.18	2,12,964.32
	(2,600.84)	(1,596.09)	(4,893.71)	(9,729.70)	(14,790.77)	(53,461.27)	(27,696.97)	(5,561.45)	(1,20,330.80)
Market Borrowings	328.16	2,827.65	694.09	4,748.78	38,679.64	62,090.25	22,656.25	5,169.11	1,37,193.93
	(245.50)	(246.17)	(30,246.85)	(29,528.58)	(17,606.47)	(17,269.68)	(4,000.00)	(4,461.10)	(1,03,604.35)
Foreign currency liabilities	-	-	32.30	345.28	690.56	2,416.96	2,762.25	4,757.95	11,005.30
	(-)	(-)	(29.36)	-	-	(2,416.96)	(2,762.25)	(5,313.68)	(10,522.25)
Assets									
Loans	5,904.85	5,897.80	5,672.90	15,969.37	16,744.48	54,857.79	1,06,765.17	2,56,740.04	4,68,552.40
	(8,727.51)	(6,715.43)	(6,543.95)	(18,926.17)	(34,975.02)	(1,42,146.57)	(63,257.98)	(11,323.93)	(2,92,616.55)
Investments	-	-	-	1,000.00	300.00	-	-	-	1,300.00
	(5,502.06)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(5,502.06)

(Previous years figures are denoted in brackets).

Notes:

a) Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.
b) The above statement includes only certain items of assets and liabilities (as stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014) and therefore does not reflect the complete asset liability maturity pattern of the Company.
c) Above maturity pattern is after considering the impact of Moratorium benefit extended by the Company to the customers, if any.

(Rs. in Lakh)

42.4	Particulars		
	Liabilities side	**Amount outstanding**	**Amount overdue**
(I)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**		
	(a) Debentures		
	(i) Secured	113,051.01	-
		(89,686.63)	(-)
	(ii) Unsecured (other than falling within the meaning of public deposits)	7,695.02	-
		(7,681.96)	(-)
	(b) Deferred Credits	-	-
		(-)	(-)
	(c) Term Loans	224,865.61	-
		(124,578.49)	(-)
	(d) Inter-corporate loans and borrowing	-	-
		-	(-)
	(e) Commercial Paper (net of unamortised discount)	2,478.51	-
		-	(-)
	(f) Other Loans (Please Specify)		
	External commercial borrowing	11,005.30	-
		(10,522.25)	(-)
	Cash Credits	2,000.00	-
		(1,988.08)	(-)

Note : Figures in bracket represents numbers pertaining to previous year

	Assets side	**Amount outstanding**
(II)	**Break up of Loans and Advances including bills receivables (other than those included in (IV) below):**	
	(a) Secured	1,83,001.89 (1,46,156.11)
	(b) Unsecured	2,95,999.98 (1,52,866.37)

(III)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:**	
	(a) Lease assets including lease rentals under sundry debtors:	
	(i) Financial Lease	-
		(-)
	(ii) Operating Lease	-
		(-)
	(b) Stock on hire including hire charges under sundry debtors:	-
	(i) Assets on hire	(-)
		-
	(ii) Repossessed Assets	(-)
		-
	(c) Other loans counting towards AFC activities:	(-)
	(i) Loans where assets have been repossessed	-
		(-)
	(ii) Loans other than (a) above	-
		(-)

(Rs. in Lakh)

(IV)	**Break – up of Investments:**	
(a)	Current Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	- (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	- (5,502.06)
	(iv) Government Securities	- (-)
	(v) Others (Please Specify)	- (-)
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	- (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	- (-)
	(iv) Government Securities	- (-)
	(v) Treasury Bills	1,273.50 (-)
	(vi) Others (Please Specify)	(-)
(b)	Long Term Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	- (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	- (-)
	(iv) Government Securities	- (-)
	(v) Others (Please Specify)	- (-)
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	- (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	- (-)
	(iv) Government Securities	- (-)
	(v) Others	- (-)

(V) Borrower group – wise classification of assets financed as in (II) and (III) above:

(Rs in lakh)

	Category	Amount net of provisions		
		Secured	Unsecured	Total
(a)	Related Parties			
	(i) Subsidiaries	- (-)	- (-)	- (-)
	(ii) Companies in the same group	- (-)	- (-)	- (-)
	(iii) Other related parties	- (-)	- (-)	- (-)
(b)	Other than related parties	1,83,001.89 (1,46,156.11)	2,95,999.98 (1,52,866.37)	4,79,001.87 (2,99,022.48)
		1,83,001.89 (1,46,156.11)	**2,95,999.98** (1,52,866.37)	**4,79,001.87** (2,99,022.48)
	Less: Provision for non-performing assets	4,684.22 (2,906.58)	2,719.01 (3,031.27)	7,403.23 (5,937.85)
	Total	**1,78,317.67** (1,43,249.53)	**2,93,280.98** (1,49,835.10)	**4,71,598.65** (2,93,084.63)

(Rs. in Lakh)

(VI) 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)
(a)	Related Parties		
	(i) Subsidiaries	-	-
		(-)	(-)
	(ii) Companies in the same group		
	(iii) Other related parties	-	-
		(-)	(-)
(b)	Other than related parties	1,273.50	1,273.50
		(5,502.06)	(5,500.00)
	Total	1,273.50	1,273.50
		-	-

(VII) Other Information:

	Particulars	Rs in lakh
(a)	Gross Non – Performing Assets	
	(i) Related Parties	-
		(-)
	(ii) Other than related parties	6,189.88
		(5,136.75)
(b)	Net Non – Performing Assets	
	(i) Related Parties	-
		(-)
	(ii) Other than related parties	2,518.81
		(1,275.32)
(c)	Assets acquired in satisfaction of debt	-
		(-)

(Previous years figures are denoted in brackets)

42.5 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS. CO. PD. No. 367/03. 10.01/2013-14 dated 23rd January 2014 As of March 31, 2022 :

(Rs in lakh)

Type of restructuring				
Asset classification details		**Low credit risk & significant increase in credit risk**	**Credit Impaired**	**Total**
Restructured accounts as on April 01, 2021	No of borrowers	208	-	208.00
	Amount outstanding	10,670.17	-	10,670.17
	Provision thereon	840.03	-	840.03
Fresh restructuring during the year	No of borrowers	242	-	242.00
	Amount outstanding	7,621.84	-	7,621.84
	Provision thereon	1,728.70	-	1,728.70
Upgradations to restructured standard category during the year	No of borrowers	-	-	-
	Amount outstanding	-	-	-
	Provision thereon	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers	-	-	-
	Amount outstanding	-	-	-
	Provision thereon	-	-	-
Down gradation of restructured accounts during the year	No of borrowers	-	-	-
	Amount outstanding	-	-	-
	Provision thereon	-	-	-
Write offs of restructured accounts during the year	No of borrowers	-	-	-
	Amount outstanding	-	-	-
	Provision thereon	-	-	-
Restructured accounts as on March 31, 2022	No of borrowers	450	-	450.00
	Amount outstanding	18,292.01	-	18,292.01
	Provision thereon	2,568.73	-	2,568.73

42.6.(i) Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 and Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 5 May 2021:

Type of Borrower	(A)Number of accounts where resolution plan has been implemented under this window	(B)exposure to accounts mentioned at (A) before implementation of the plan	(C)Of (B), aggregate amount of debt that was converted into other securities	(D)Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E)Increase in provisions on account of the implementation of the resolution plan
Personal Loans	214	5,778.12	-	-	598.59
Corporate Persons of which MSMEs	-	-	-	-	-
*MSME<25crs	236	12,363.19	-	-	1,970.13
Others	-	-	-	-	-
Total	**450**	**18,141.31**	-	-	**2,568.73**

*MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose

(Rs. in Lakh)

42.6 (ii) Details of outstanding amount of securitised assets as per books of the SPVs sponsored by the Company and the total amount of exposures retained by the Company as on March 31, 2022 towards the Minimum Retention Requirements (MRR):

(Rs. in Lakh)

Sr. No.	Particulars	As of March 31, 2022	As of March 31, 2021
1	No of SPVs sponsored by the NBFC for securitisation transactions	5	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	**48,858.51**	**7,933.37**
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	7,760.90	2,588.16
a	Off balance sheet exposures		
	* First Loss		
	* Others		
b	On Balance sheet exposures	**7,760.90**	**2,588.16**
	* First Loss	2,598.61	993.55
	* Others	5,162.29	1,594.61
4	Amount of exposures to securitisation transactions other than MRR		
a	Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss		
	* Others		
	ii) Exposure to third party securitisations		
	* First loss		
	* Others		
b	On Balance sheet exposures	**453.55**	**276.10**
	i) Exposure to own securitisations	453.55	276.10
	* First loss	453.55	276.10
	* Others		
	ii) Exposure to third party securitisations		
	* First loss		
	* Others		

42.7 Details of assignment transactions undertaken by NBFC during the year:

(Rs. in Lakh)

Sr.No.	Particulars	As of March 31, 2022	As of March 31, 2021
1	No. of accounts	-	-
2	Aggregate value (net of provisions) of accounts sold	-	-
3	Aggregate consideration	-	-
4	Additional consideration realised in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

No assignment transactions were undertaken during the financial year 2021-22

(Rs. in Lakh)

42.8 Investments

	Particulars	As of March 31, 2022	As of March 31, 2021
(a)	**Value of Investments**		
(i)	Gross Value of Investments		
	(a) in India	1,273.50	5,502.06
	(b) outside India	-	-
(ii)	Provision for depreciation		
	(a) in India	-	-
	(b) outside India	-	-
(iii)	Net Value of Investments		
	(a) in India	1,273.50	5,502.06
	(b) outside India	-	-
(b)	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balances	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

42.9 Additional & Miscellaneous Disclosures:

(I) Registration obtained from other financial sector regulators
Company has not registered with other financial sector regulators except with Insurance Regulatory and Development Authority of India (IRDAI)

(II) Disclosure of Penalties imposed by RBI and other regulators

(III) Ratings assigned by credit rating agencies and migration of ratings during the year:

FY 2021-22

Rating particulars	Rating Agency	Rating assigned
Short Term Debt Programme		
Commercial Paper	CARE Limited	CARE A1+
Long Term Debt Programme		
Non-Convertible Debentures	Brickwork Ratings India Pvt. Ltd.	BWR A+
	CARE Limited	CARE A+
Loan Facility	CARE Limited	CARE A+

FY 2021-22

Rating particulars	Rating Agency	Rating assigned
Short Term Debt Programme		
Commercial Paper	NA	NA
Long Term Debt Programme		
Non-Convertible Debentures	Brickwork Ratings India Pvt. Ltd.	BWR A+
	CARE Limited	CARE A+
Loan Facility	CARE Limited	CARE A+

(IV) Net Profit or Loss for the period, prior period items and changes in accounting policies:

There are no prior period items and changes in accounting policies impacting net profit for the year.

(V) Revenue Recognition:

Revenue Recognition has not been postponed on account of pending resolution of significant uncertainties in respect of any revenue streams of the Company.

(VI) Provisions and Contingencies

(Rs in lakh)

Break up of 'Provisions and Contingencies' shown under the head expenses in the Statement of Profit and Loss	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Provisions for depreciation on Investment	-	-
Provision towards NPA / ECL stage 3	(190.35)	1,415.79
Provision made towards Income tax	2,983.45	1,682.95
Other Provision and Contingencies (with details)	-	-
Provision for standard assets / ECL stage 1 & stage 2	1,655.73	815.99

(Rs. in Lakh)

(VII)	**Draw Down from Reserves**	Nil	Nil

(VIII) Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits (for deposit taking NBFCs)

Total Deposits of twenty largest depositors (Rupees in lakh)	NA	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA	NA

(b) Concentration of Advances

Total advances to twenty largest borrowers (Rupees in lakh)	15,105.66	16,637.89
Percentage of advances to twenty largest borrowers to total advances of the NBFC	3.15%	5.69%

(c) Concentration of Exposures

Total exposure to twenty largest borrowers / customers (Rupees in lakh)	15,530.54	18,959.80
Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	2.94%	4.91%

(d) Concentration of NPAs

Total exposure to top four NPA accounts (Rupees in lakh)	1,226.01	1,278.60

(e) Percentage of NPAs to Total Advances in that sector

Sector	As of March 31, 2022	As of March 31, 2021
Agriculture & allied activities	-	-
MSME	43.29%	26.47%
Corporate borrowers	19.16%	11.65%
Unsecured personal loans	0.18%	0.43%
Other Services	1.11%	0.61%

(Rs. in Lakh)

(IX)	**Movement of NPAs**	**As of March 31, 2022**	**As of March 31, 2021**
(i)	Net NPAs to Net Advances (%)	0.53%	0.44%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	5136.75	5290.82
	(b) Additions during the year	2378.25	3104.40
	(c) Reductions during the year	(1325.12)	(3258.47)
	(d) Closing balance	6189.88	5136.75
(iii)	Movement of Net NPAs		
	(a) Opening balance	1275.32	2845.19
	(b) Additions during the year	2146.93	1666.40
	(c) Reductions during the year	(903.46)	(3236.26)
	(d) Closing balance	2518.80	1275.32
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	3861.42	2445.63
	(b) Provisions made during the year	231.32	1438.00
	(c) Write-off / write-back of excess provisions	(421.66)	(22.21)
	(d) Closing balance	3671.08	3861.42

(X) Disclosure of Customers Complaints

Particulars	As of March 31, 2022	As of March 31, 2021
No. of complaints pending at the beginning of the year	1	-
No. of complaints received during the year	101	208
No. of complaints redressed during the year	101	207
No. of complaints pending at the end of the year	1	1

(XI) Disclosure in respect of derivatives, securitisation transactions, consolidated financial statements, overseas assets (for those with joint ventures and subsidiaries abroad), off balance sheet SPV's sponsored are not applicable for the year to the Company.

2 (Disclosure requirements as per RBI circular dated November 04, 2019 having reference number RBI/2019-20/88, DOR.NBFC(PD) CC. No.102/03.10.001/2019-20 regarding Guidelines on Liquidity Risk Management Framework)

a Funding concentration based on significant counterparty (both deposits and borrowings)

Sr. No.	Number of significant counterparties	Rupees in Lakh	% of Total Deposits	% of Total Liabilities
1	26	298,694.78	Not Applicable	67.22%

b Top 20 large Deposits (Rupees in Lakh and % of total deposits) Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits.

c Top 10 borrowings (Rupees in Lakh and % of total borrowings)

Rupees in Lakh	186,128.67
% of total borrowings	51.95%

d Funding concentration bases on significant instrument / product

Sr. No.	Name of the Instrument / Product	Rupees in lakh	% of Total liabilities
1	Term loans from banks	214,265.91	48.22%
2	Term loans from FIs	13,978.01	3.15%
3	Non- Convertible Debentures	109,000.00	24.53%
4	Subordinated Debt	7,500.00	1.69%
5	Commercial Paper	2,500.00	0.56%
6	External Commercial Borrowings	11,048.98	2.49%

e Stock Ratios:

Sr. No.	Name of the Instrument / Product	% of Total Public Funds	% of Total Liabilities	% of Total Assets
a	Commercial Papers	0.70%	0.56%	0.46%
b	Non Convertible Debentures	32.52%	26.22%	21.36%
c	Other Short-Term Liabilities	36.21%	29.14%	23.74%
d	Long Term Assets	119.23%	96.14%	78.34%

f Institutional set-up for liquidity risk management

The Board of Directors is responsible for establishing and reviewing the ALM & Risk management Policies. Towards this end, the Board has established an ALM Committee (ALCO), which has been delegated the authority to manage funds and to match the Assets and the Liabilities in terms of their maturities and interest rate sensitivities, so that the risk arising from such mismatches can be contained within the desired limit. Similarly, the Board has also constituted Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various risks, including liquidity risk, faced by the Company. ALCO and RMC meetings are conducted at a frequency which is warranted from time to time with minimum frequency of once in a quarter. The board reviews the minutes of the ALCO & RMC meetings and additional summarized information on a quarterly basis. If necessary the Board also recommends the actions that are in the best interest of the company.

(XII) Other statutory information:

a The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b The Company has not been declared as a Wilful defaulter by any bank or financial Institution or other lender.

c The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

d The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

e The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

f The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

g The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

h During the year the quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

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

j **Key Financial Ratios :**

Ratio	Year ended March 31, 2022	Year ended March 31, 2021
Capital to risk weighted assets ratio (CRAR)	22.96%	32.74%
Tier I CRAR	21.61%	30.49%
Tier II CRAR	1.35%	2.25%
Liquidity coverage ratio	251.96%	1042.53%

k The Company do not have any transactions with struck off companies.

43 COVID

The outbreak of the COVID-19 pandemic had led to a nationwide lockdown in April - May 2020. This was followed by localised lockdown in areas with significant number of COVID -19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then, our country experienced two waves of COVID - 19 pandemic following the discovery of mutant coronavirus variants. These waves led to temporary reimposition of localised / regional lockdown, that were subsequently lifted.

The extent to which the pandemic may impact the Corporation's results, including impairment on financial instruments, will depend on future developments, which are uncertain, including amongst other things, any new information concerning the severity of the COVID - 19 pandemic and any action to contain its spread or mitigate its impact, whether government mandated or elected by us.

44 Previous year's figures have been rearranged / regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

45 The financial statements were approved for issue by the Board of Directors on May 05, 2022

The accompanying notes form an integral part of the financial statements 1 to 45

In terms of our report attached
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2022

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847

Vineet Mahajan
Chief Financial Officer
Place : Mumbai
Date : May 05, 2022

Vikas Tarekar
Company Secretary

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ASPIRE WITHOUT BOUNDARIES

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