Ashv

AAVISHKAAR GROUP

# ANNUAL REPORT 2020-21

## UNLOCKING OPPORTUNITIES

## DELIVERING VALUE

# CORPORATE INFORMATION

## Board of Directors

**Non-Executive Chairman**

Mr. Vineet Chandra Rai

**Managing Director**

Mr. Nikesh Kumar Sinha

**Non-Executive Directors**

Ms. Anuradha Ramachandran

Mr. Aleem Remtula
(Resigned with effect from 12-May-2020)

Ms. Suma Swaminathan
(Appointed with effect from 12-May-2020)

Mr. Sarunas Kubilickas
(Resigned with effect from 01-Nov-2020)

Mr. Anurag Agrawal

**Non-Executive Independent Directors**

Mr. Rakesh Rewari

Ms. Matangi Gowrishankar

## Chief Financial Officer

**Ms. Kiran Agarwal Todi**

## Company Secretary and Compliance Officer

**Ms. Monika Thadeshwar (Variava)**

## Statutory Auditors

**Walker Chandiok & Co LLP**
**Mumbai**

## Internal Auditors

**Protiviti India Member Private Limited (Protiviti)**
**Mumbai**

## Secretarial Auditors

**Parikh & Associates**
**Mumbai**

## Registered & Corporate Office

12B, 3rd Floor, Techniplex-II IT Park,
Off. Veer Savarkar Flyover,
Goregaon (West),
Mumbai – 400062,
Maharashtra, India
CIN: U65910MH1998PLC333546
RBI Regn. No.: B-13.02376
Tel No.: +91 22 6249 2700
Fax No.: +91 22 6249 2789
E-mail: compliance.team@ashvfinance.com
Website: www.ashvfinance.com

## Debenture Trustee

**Catalyst Trusteeship Limited**

GDA House, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune – 411038, Maharashtra, India

**Beacon Trusteeship Limited**

4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East) Mumbai – 400051, Maharashtra, India

## Registrar and Share Transfer Agent

**Satellite Corporate Services Pvt. Ltd.**

106 & 107, Dattani Plaza, Kurla Andheri Road, Kurla (W), Nr. Safed Poll East West Ind Estate, Mumbai – 400072, Maharashtra, India

## Bankers

**Suryoday Small Finance Bank Ltd**

**Federal Bank Ltd**

Ashv
AAVISHKAAR GROUP

# CONTENTS

# AN INSIGHT TO OUR CUSTOMER'S EXPERIENCE

## Poovya Agency

Hailing from a rural village in Coimbatore, in the initial days of her career, Mrs. Manonmani was working as a school teacher in a private school. She was an enthusiast and wanted to aspire her dream of becoming a financially independent and successful woman entrepreneur. After marriage, she applied for a HP petrol Bunk through the women's quota. She applied for the petrol bunk license in January 2007 and M/s. Poovya Agencies came into existence from August 2007. She raised the initial deposit amount of ₹15 lakhs through the help and support of her father and husband. The firm is engaged in the distribution of petroleum products and is an authorized Hindustan Petroleum Gas Agency Dealer in Coimbatore.

The fuel station is located on the state highway and is occupied with three tanks, one for diesel and two for petrol. With a total employee strength of 15, the firm works at its full capacity i.e., 24 hours with two shifts. The morning shift is exclusively occupied with female employees from the nearby villages. Thus, Mrs. Manonmani is generating employment opportunities for women. The evening shift is run by male employees. The firm has a channel funding facility with SBI and purchases are made on cash with HP. The customer generally takes loads twice in a day. The firm will pay the remaining amount to the HP dealers after the profit taken from the payments. For each litre of petrol and diesel, the firm receives approximately ₹4–5 as profit. The firm earns a gross margin of 5–7% from the entire business. The firm offers credit facilities to its customers, who are mainly road contractors and bill them for the entire month for which the payment is received towards the end of the month.

Covid-19 had resulted in a 50% drop in the firm sales, during both the lockdowns due to travel restrictions. During the covid period, the firm applied for an online loan with Ashv Finance. On experiencing the unlocking state of the country and receiving the financial support from Ashv Finance, the business has seen a slow recovery and expects a growth of 5–10% Y-o-Y from now onwards. The proposed loan amount is utilized not only for purchase of raw material and installation of additional tanks in the premises but also to help continue to extend credit facilities to the customers/ to make delayed payments even if the customers experienced no work situation during the pandemic.

**Ashv's experience as narrated by Mrs. Manonmani, "Just like my family, Ashv Finance has been very supportive ensuring the smooth sailing of the business during these difficult times in my entrepreneurial journey."**

# CHAIRMAN'S MESSAGE

**Dear Friends, Colleagues and Leaders,**

I am pleased to present the annual report of Ashv Finance amidst some of the most challenging times. Last year in my message I had assured you that we have put our faith in the hands of an exceptional leadership and that is the biggest mitigate to any risk environment would throw up. As we grappled with one of the unprecedented crises in human history, I am pleased to share that our leadership team at Ashv Finance, under the leadership of Nikesh Sinha, ably supported by others such as Kiran Agarwal Todi, Atreya Rayaprolu and Ranjan Lahiri has not only kept the company on the growth path but has also delivered third year of continuous profit making it a remarkable year for Ashv Finance.

I personally believe that profits for a Non-Banking Finance Company is like Oxygen, an apt comparison given how we as a nation gasped during the second wave of the pandemic. Our leadership made sure that we do not run out of this oxygen and not just that, they delivered us a rating upgrade and used the third year of continuous profitability to open up the liability opportunity from Banks.

As we prepare to build Ashv Finance into a formidable institution over the next year, it is important to take on board the changing global landscape in the post pandemic world. At Ashv Finance we intend to transform from a high yield granular portfolio asset, tech backend with a phygital business model to an integrated Fin-tech business. This transition is underway at Ashv and over next couple of years this investment would usher in a next generation Fin-tech serving the massively impactful MSME space.

Our vision of a tech future seeks to deliver credit to MSME virtually, in a non-intrusive manner where technology allows us to help MSME predict business cycle and business ecosystem risks making them grow faster and converting them into sticky long-term customers. These transformations are never easy, but at Ashv Finance we have complete alignment across promoters, shareholders, and management to this vision and we are working overtime to deliver it.

This report would give you insights on the journey of Ashv and its achievements. I am sure you would enjoy these insights and the scope of impact delivered by Ashv Finance and relate to the transformational role it has played in the life cycle of a MSME borrower.

Warm Regards,
**Vineet Rai**

# AN INSIGHT TO OUR CUSTOMER'S EXPERIENCE

## Safe Life Care

Safe Life Care is a proprietary concern, incorporated and managed by Mr. Satpal Munshi, in Chandigarh since 2015. The firm is primarily into manufacturing and trading of medicines and pharmaceutical products. Prior to the inception of the business, Mr. Satpal worked in the same line of business as an employee and gained a good experience of about 10 years. He started the firm with a vision to have Safe Life Care products used across pan India. With a strength of 10 employees out of which 4 are female employees, initially the business focused on trading of medicines under the PVC model popularly known as the third-party medicine, wherein he would re-brand the medicines received from the manufactures and companies under his brand name. However, eventually, they also started with in-house manufacturing of medicines using the description of the medicines manufactured by the bigger brands and started selling them under their own brand name. Benefits of the medicines, and directions to use is also mentioned on each of the medicines.

Today the firm trades about 170+ products like tablets, dry syrups, capsules, Ayurveda medicines, multi-vitamin tablets, painkillers for children, diabetic and cardiac related medicines, etc., and not only supplies them pan India but also exports them to East Africa. The firm also has a very strong marketing channel and presence across pan India. The pharma products are sold in wholesale quantities to many distributors, retailers, and chemists.

During the Covid times, the requirement of production of certain medicines was at its peak. The firm also aimed at providing various injections and medicines pertaining to Covid treatment to the distributors at an affordable market rate. In order to cater to the demand, they would require to stock up the injections and medicines accordingly. Many injections like Remdesivir, Tocilizumab, Corticosteroids etc., were made available to them by the manufactures at a very high rate. They also manufactured a special medicine named Camphor capsule, which was directed to put in the steam bowl to help take steam and to clear blocked nose. They also manufactured a hand sanitizer under their name. To ensure availability of the medications at all times, they required sufficient funds to support their initiatives and thus Mr. Satpal approached Ashv Finance for financial assistance and support.

**To me, Ashv Finance is just like a blessing in disguise, which has come into our lives at the time of need. Had we not received credit from Ashv Finance, we wouldn't have contributed much to serve the country and society.**

As a result of uninterrupted services and quality products, the demand for the pharma products under Safe Life Care had seen a rise. On seeing this, Mr. Satpal has already begun the process of setting up an in-house manufacturing plant which is estimated to be functioning from March 2022.

# MANAGING DIRECTOR'S MESSAGE

**Dear Friends & Shareholders,**

The year gone by has been testing for all of us; as individuals, as communities, as institutions or as nations. The financial year began amidst a nationwide lockdown which was slowly unwound by end of August '20. The impact of the Corona virus on lives of individuals was painful. Its economic impact further aggravated the pain as India's economy shrunk by 7.3% as per World Bank estimates. Timely interventions by RBI & the Government of India-by way of moratorium, ECLGS schemes, special restructuring of assets program etc., — cushioned any precipitous shocks that the BFSI space (both institutions & borrowers) may have witnessed last year.

Amidst this challenging backdrop; it gives me pleasure to inform you that your Company has demonstrated resilience in such challenging times.

Given below are the highlights of the year:

We posted a net profit of ₹7.94 Crs. which is a 4X growth in profits over FY2018-19 & a 2X growth over last fiscal. Our AUM grew to ₹514 Crs. which is a 31% growth over last financial year. We are now a Systematically Important NBFC as we have crossed the threshold of ₹500 Crs.

Our sales team demonstrated a spirited performance as they led the business growth. The reason for this was a) expansion of our branch network to 24 (12 as of March '20) and b) better productivity by the sales team. As we expand our network, you can rest assured that this team is capable of growing the AUM by at least 50% for the next 5 years. As we expand our distribution to tier 2,3 & 4 towns in the coming years, the value of our network will be realized even more.

A key enabler, inter alia, for both our Sales and Risk performance last year was the introduction of the technology stack. At the core of it is our own proprietary Loan Origination System. It powers the capability and possibility of a completely digital customer journey right from login, upload of documents, to running product algorithms, e-kyc, to generating sanction letters & loan documents, to e-signing of documents. It is so reassuring to know that as we are in the midst of a pandemic, your company is future ready. It positions us to launch our foray into digital sourcing; which we believe should be at least 10% of our total sourcing in the current fiscal.

Our NNPA was 1.55% for the last year. It is a manifestation of our risk-based approach. We could do this on account of a) a belief that in terms of risk, Sales is the first line of defense b) rigorous use of data sciences to build proprietary risk models and take informed decisions basis the learnings and c) a strengthened collections team and rigorous focus. All this resulted in a collection efficiency of 93% in March '21—which is indeed one of the better ones across the industry.

Liability management has been a focus area for us. As we gave moratorium to our borrowers in deference to the RBI direction, we did not seek moratorium from any of our lenders. We borrowed ₹236 Crs. from 12 lenders last year, out of which 5 were new lenders including a SFB and one scheduled commercial bank. Besides the diversification of our lenders, we also saw diversification of borrowing instruments in the last year. Another first for us was the issuance of our first PTC in March '21. The liability momentum continues even as I write this letter. It will not be amiss to mention here that our borrowing piece is unaffected by Wave 2 of Covid-a testimony to our liability team and operating metrices even in Wave 2.

All of the above culminated in a rating upgrade for your Company to BBB. We, indeed, now belong to a minority of lending entities which earned a rating upgrade in the Covid marred FY21.

All of this could not have happened without the faith & guidance of the Board, lenders, investors and most importantly the employee and the customers in the field. It gives me immense pleasure to inform you that all our employees are safe and in good health as on date. However, we are sad to note that some of customers have been fatally affected by the dreaded corona virus. Our heart goes out to their families. We offer our condolences to their families.

We need to innovate to be future ready as a Company to survive and excel in this new medico-socio-economic milieu. I must reassure you that the management team believes that timely shift in a) business model towards micro and small enterprises b) adoption of technology to capture the customer lifecycle in a locked down world c) inculcating a risk culture arising out of proprietary rating models basis data mining and decision sciences d) an enhanced liability raising profile of your Company and e) most importantly a motivated and spirited employees out there in our network of branches has all led and prepared us as a future ready Ashv.

We see no cause to celebrate in the year gone by on account of the human tragedy at large on a global scale. Nevertheless, the management team believes that Ashv is now future ready to deliver happy employees and happy customers. Needless to mention, happy shareholders are a redundant outcome of the aforementioned.

Despite the painful and gloomy scenario, life needs to move on and find its space amidst the new order. Hence the theme of this year's annual report is "Unlocking Opportunities". We reassure you that Ashv is future ready to create economic value in the new post Covid order.

Wishing all of you a safe and prosperous new fiscal.

Best Regards,
**Nikesh K Sinha**

# CONTRIBUTION TOWARDS CSR ACTIVITIES

In these uncertain and painful times of Covid-19 pandemic, as part of corporate social responsibility, Ashv joined forces to deal with unfolding humanitarian challenges along with the Aavishkaar Group.

Under the said initiative, Ashv had along with their employees contributed as below. The total contribution of ₹13,63,212/- done collectively by Ashv and Employees towards CSR activities. Herein, Ashv took to contribute double the amount of employee contribution.

On the group's CSR initiative pertaining to Covid-19 pandemic, "The Aavishkaar Group Facility for Humane Actions" has been established as part of the Aavishkaar Foundation. The primary contributors to this facility were 7,000+ employees working across the Aavishkaar group and the CSR pools of the companies operating within Aavishkaar Group. Till date, the Aavishkaar Group has contributed upto ₹2 Crs.

Overall, impact generated by allocation of the said Grant facility through 16 Grantee Partners support, in 30+ Districts supported in 10 States of India, 3,71,991 Meals Provided to 31,455 Beneficiaries, 11 Medical Organizations Supported with 4,750 PPE kits, 31,580 Masks & other Medical Equipment.


## Contribution

| Nature of social cause | Amount of Contribution (in ₹) |
|---|---|
| Towards providing PPE kits, Masks & Gloves to frontline healthcare providers workers dealing with incoming migrant population to prevent community outbreak workers in district of Jharkhand Simdega, Garwah, Chatra, Khunti and Ramgarh. | 9.59 lakhs |
| Towards distribution of rations to ragpickers, domestic workers, construction and migrant laborers who have lost their daily wage due to the COVID-19 lockdown in Odisha and Uttar Pradesh. | |
| Towards providing ration to migrant labourers, victims of sexual violence etc.) for 2 weeks in Bihar – Patna. | |
| Towards distribution of Ration kits for families for 10 days in Lucknow, Uttar Pradesh | 4.03 lakhs |
| | **13.62 lakhs** |

# TRANSFORMING FOR FUTURE

## Information Technology and Digital Function

To execute Ashv's vision to be a leader in new-age Digital Lender to micro and small enterprises, it was important that the business DNA was data-led and process-driven. To enable this transformation, we took technology to the forefront, driving the operating rhythm and culture of the Company. We had already taken a few steps towards this goal in FY20 by taking the Loan Management System (LMS) live. Tribe3 brought in not only a fully-functional LOS but cutting-edge capabilities in software development as well as Decision Sciences. It plugged one of the more important components in the Organisational engine that would help us realize our vision.

With technology as the central driver of the overall business, Ashv now took steps to ensure that interventions went beyond customer onboarding (LOS and LMS) to cover the management of the entire loan-lifecycle. With no intention to re-invent the wheel, the technology strategy was to use a hybrid approach: build and own the primary orchestrator – the LOS platform, adopt and use time-tested and best-in-class systems as well as service providers for other business processes such as FIS for Loan Management, Razorpay for NACH management, Moneytor for Collections and Metabase (open-source) for Business Intelligence.

Setting up this above hybrid (mix of in-house developed, open-source and third-party systems) technology architecture helped us

1. move all the key loan products onto the LOS in less than 3 weeks and ensure (a) digitization of data in the customer onboarding process and (b) digitalisation that leveraged technology to collect data from various sources, establish trends and take credit and business decisions

2. ensure Business Continuity Plan (BCP) with just a day's notice and in transitioning smoothly during and after COVID when all employees worked hassle-free from home remotely with a positive impact on delivery

3. establish operating rhythm in the business by helping middle and senior Management closely monitor and track all the important operating metrics using some of the 100+ dashboards and reports churned by the Business Intelligence (BI) system and

    a) reduce customer TAT by more than 50%

    b) increase productivity of an RM by more than 40%

4. quickly identify eligible borrowers and roll out any relief measures offered to them either by the Government or the RBI such as the 1st Moratorium, 2nd Moratorium, ECLGS and Restructuring options providing full transparency to the customers, business users and auditors, and compromising neither the digitisation of the process nor the data integrity

5. rapidly roll-out changes and enhancements to Product Policies, form fields and processes

such as the introduction of credit sanctioning authority and revision in risk scorecards

6. automate several processes including analytics required by credit and generation of loan documents required by Operations using a template engine to name a few

7. launch Straight Through Processing (STP) products based on automated credit decisioning

8. Ensure compliance and integrity of the process by ensuring the creation of appropriate system logs

Meanwhile, with the advent of innumerable FinTechs, the world of Banking and Financial Services was changing rapidly. New business models such as 'Partnerships' and opportunities such as banking-as-a-service were rapidly emerging enabling NBFCs to collaborate with FinTechs for origination. With most Banks and traditional NBFCs carrying the baggage of legacy systems with little flexibility or configurability, there was a significant opportunity for those players who provided the flexibility and the ability to adapt and adjust the technology based on the FinTech's needs.

Therefore, we took a decision to upgrade our system (DLP: Digital Lending Platform) and base it on an architecture that not only makes room for the rapidly changing external environment (regulations, business models, products etc.) but also lays the foundation for building a competitive advantage in the medium to long-term. The vision for this platform included enablement of flexible and secure user access management, configurability and flexibility in managing forms and work-flows, flexible implementation of score-cards, automated credit decision-making including policy frameworks etc. In addition, the emphasis was on removing the dependency on the engineering/development team and creating a platform that is largely self-serviceable.

From a lending platform perspective, the new Platform to be launched before in H2 of FY22 would provide the following key capabilities -

1. Ability to offer varied products that can be very different from each other, such as Business-Loan and Invoice-Discounting. These products can have different application forms, different eligibility methods (different data inputs), different policies, and different business processes.

2. a strong API based infrastructure allowing deep integration with various partners at different stages of the business process (origination, fulfillment, lending, etc)

3. ability to do co-lending with and/or pass leads to partners

4. capabilities targeted for the borrower - mobile application for self-service applications, bureau insights to help understand the individual score, financial insights to understand cash flow, ability to pay bills, etc

# AN INSIGHT TO OUR CUSTOMER'S EXPERIENCE

## Mutant Bizzgrow International

Mutant Bizzgrow International, is a proprietary concern based out of Rajkot, managed by Mrs. Mira Rojara along with her Husband who supports her in the venture.

During her journey of entrepreneurship Mira, surpassed all the challenges due to the constant support of her husband who helped her achieve her dreams to become a financially independent and successful woman.

She has managed the business for the last 5 years. Since a year and a half, the firm has taken up a franchisee of a firm named Ok Life Care, which is into trading of FMCG products, healthcare, nutrition, beauty, and cosmetic products, such as hair oil, shampoo, creams, lotions, and sanitizers etc. The firm deals in approximately 120 products resulting in an average turnover of ₹50 to 70 lakhs on an annual basis. The average margin of around 10 to 15 % was achieved prior to the covid pandemic conditions. The firm deals largely in a cash payment. The firm operates from Mira's residence and is owned by her. However, there is a different setup for residence and the shop premises. She also has a godown set up to stock up her products.

Her firm falls under the FMCG and essential services category, which enabled a regular customer footfall and a steady sale even during the pandemic. However, she needed to ensure having enough stock of all the fastest selling items to complete her daily sales.

Hence, with this need, during the lockdown situation, she came to Ashv Finance in February, 2021 and applied for a credit facility for working capital purposes. With the funds, she stocked up all the various products and brands to offer all her customers who would in turn complete their purchases. During the pandemic most of the businesses have faced challenges due to unavailability of credit facilities and arrangements. The finances received from Ashv Finance ensured the sale targets have been met. Due to her prompt service and availability of the products, an increase in customer footfall has constantly been observed. The firm also catered to repeat purchases and bulk orders during the pandemic. She also provides home delivery of the orders placed by many of her regular customers. Her experience with the staff at Ashv finance has been very cordial and approachable. She got timely assistance from Ashv team whenever in need.

Mrs. Mira envisions to keep her business growing and blooming the way it has been, with all the support from her family and financial institutions like Ashv Finance.

# Profile of the Board of Directors

**VINEET RAI**
Chairman,
Chairman, Founder and CEO,
Aavishkaar Group

Aavishkaar Group is a pioneer Impact Investment fund ($1B) investing in India and parts of Africa & Asia. Vineet has received numerous awards for his work, including Impact Investor of the Year by News Corp for 2016 and the Porter Prize for Strategic Leadership in the Social Space in 2016.

**ANURAG AGRAWAL**
Director

Anurag has worked with most of the Micro Finance Institutions in India. He has played a key role in incubating I3N (India's first impact focused angel network) and he has been the key architect of the creating the current group.

**NIKESH KUMAR SINHA**
Managing Director

Nikesh brings in more than 25 years of experience in Banking and finance and as the Head of Medium Enterprise Group at Axis Bank.

Nikesh was one of the early joiners at Axis Bank and completed over 20 years of service with the bank. Some of his roles at Axis Bank include a stint as Deputy CEO of the Singapore Operation.

**RAKESH REWARI**
Independent Director

Rakesh Rewari has more than 30 years of experience in Financial Institutions. He has set up the SIDBI Venture Capital Ltd; also served as DMD and been on the Board of Small Industries Development Bank of India (SIDBI). Since February 2012, he has been an Expert in the Office of the Adviser to the Prime Minister on Public Information Infrastructure and Innovations of the Government of India.

## MATANGI GOWRISHANKAR

Independent Director

Matangi has over three decades of business and HR experience with leading companies such as Standard Chartered Bank, Reebok India, GE, ICIL and Cummins. She has been a board member of the National HRD Network in India Last she served as Director (HR), at British Petroleum APAC.

## SUMA SWAMINATHAN

Nominee Director

(W.e.f. 12-May-2020)

VP Investments, DWM Private Equity. She has done MBA from NYU's Stern School of Business, where she was designated a Faculty Scholar for Social Enterprise, and holds a Bachelor's degree in Electrical Engineering from Osmania University in Hyderabad, India". She has started her career in data analysis at Infosys Ltd where she worked with clients like Capital One Auto Finance on loss forecasting and data governance. She also has experience working with partner weaver cooperative societies in the handloom industry in India to promote strategies for financial self-sufficiency.

## SARUNAS KUBILICKAS

Nominee Director

(upto 31-Oct-2020)

Senior Investment officer, private equity team at Triodos bank. Previously worked with a French multinational bank and has extensive experience Corporate M&A and Business Development.

10 years' experience in project management leading cross cultural internal and external teams.

## ANURADHA RAMACHANDRAN

Nominee Director

Director, Investments, Omidyar Network - leads investments in medical technology and healthcare initiatives. Previously worked with early-stage VC Fund, Ventureast, and investment banking firm, Lazard India, where she made many successful investments across sectors spanning clean tech, enterprise software, IT services. She began her career as Principal Correspondent, Corporate Reporting and Equity Analysis, The Financial Express.

# ASHV'S MEDIA PRESENCE


A generic campaign was run titled "Business Loans for Emerging Businesses of India


During Diwali in 2021, a campaign titled "Ye Diwali ka Tyohaar, Khushiyaan badhaayega aapka vyapaar"(This Diwali festival, your business will bring in happiness) was executed


To target the smaller segment of Businesses, we ran a campaign titled "Chhoti dukaano ke bade sapno ke liye"(Powering big dreams of small businesses)


We executed multi-lingual ads targeted towards the respective locations.


One of our Advertisements featured our customer and a testimonial about his experience with Ashv Finance.

# AN INSIGHT TO OUR CUSTOMER'S EXPERIENCE

## Bhasin and Company

Bhasin and Company, started its operations in 2013 as a supplier of fresh fruits and vegetables in wholesale quantities to various hospitals, hotels and restaurant chains in Delhi. Led by Mr. Jitendra Bhasin and his son, with a staff of 22 employees, the firm operates under the essential service category. The business model is very simple and involves his presence and personal attention during the daily purchasing of top quality fresh fruits and vegetables from the markets, in wholesale quantities at the lowest affordable prices. Purchases are generally made from the suppliers quoting the lowest price amongst the lot. The firm currently supplies its products to more than 20-25 hospitals out of which the Primary hospitals are Maharaja Agrasen hospital, Sodexo, Balaji hospital etc. Purchases are usually made from the Azadpur Mandi, and payment is usually made within a week. However, to enjoy a cash discount, he would have to make an advance/instant payment. Sales are generally on order basis depending on daily/weekly/monthly or even yearly requirements and prices are fixed upon accordingly, for which the payment is received within the range of 30–60 days.

The firm has a godown in the basement and a separate office space on the ground floor. The firm has well-connected logistics in place, which loads the purchased stock from the Markets in the morning and delivers the same for a quality check at the godown followed by delivery at the various destinations. The employees ensure quality check, and segregate the items as per purchase orders received from various customers. A few employees amongst them are also on contractual basis.

During the Covid times, due to the lockdown situation in the country, the demand from hotels and restaurants dropped drastically as there was a lockdown in the country and in-turn, there was a surge in the demand from hospitals. Due to the hospitals being completely booked as a result of the rise in covid case treatments, Mr. Bhasin had to ensure quality products were sent across the hospitals in order to serve the patients. To meet this higher demand, Mr. Bhasin approached Ashv Finance for financial assistance. He received the credit in a very short span of time which boosted his purchasing power for booking advance orders. This resulted in completing his orders in time while maintaining the quality of his products. He aims to partner with many other hospitals in the city to serve the community.

# BUSINESS HIGHLIGHTS

## Employees

| FY2020 | FY2021 |
|---|---|
| 153 | 329 |

## Profits

| FY2019 | FY2020 | FY2021 |
|---|---|---|
| 227 | 377 | 796 |

## Branches

| FY2020 | FY2021 |
|---|---|
| 12 | 24 |

## Profitability

Profitable for past **3** years

## Rating upgrade

Rating upgrade from **'BBB-' Positive Outlook to 'BBB' Stable Outlook**

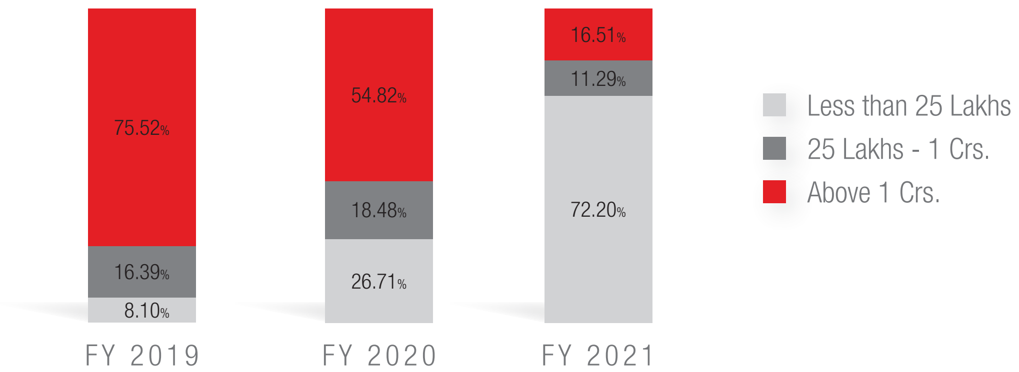
## AUM

2021
**500 Crs.+**

## Customers

**5,456**
Customers

## Ticket size



# AN INSIGHT TO OUR CUSTOMER'S EXPERIENCE

## Shree Beauty Care

On completing her post-graduation in M. Com from Ahmedabad, Ms. Payal Prajapati, had a keen interest to gain knowledge and experience in the field of beauty, grooming and Care. She was awarded with the certification of excellence for the training received from Mahila Seva Shakti in this field. This further encouraged her to start a small venture of grooming women for personal care and beauty, which started off initially from home. As time passed and the experience and fame she gained, she decided to partner with a renowned beautician. This partnership lasted for four months. Her ambition of starting her own beauty studio soon turned into reality.

She formed a team of three skilled and trained woman employees who worked together under the banner of Shree Beauty Care. She approached Ashv Finance for financial assistance in 2019, to help her start a beauty salon and refurbish the entire look of the salon to create a relaxing and soothing experience for all its customers.

They not only provide beauty treatments for the customers but also take up bridal assignments as well as dressing up ladies for functions, parties and events. She aspires to set up 2–3 branches of her salon in Ahmedabad in the upcoming few years.

The current pandemic situation and lockdown disabled her from serving her customers at the salon. Her revenues drastically declined due to the effects of Covid-19. The spending capacity and the need for grooming had nearly turned down due to the state of complete lockdown in the country. But this didn't stop her from working towards achieving her daily targets. As soon as the unlock was announced she came up with giving home visits to her clients, ensuring all the necessary precautions were taken care of. She used fresh products and materials for her services. An additional investment was to be made on stocking PPE kits, masks and gloves. Proper sanitation was required to be followed as the service involved physical contact with the customer. This was all possible through the moratorium offered by Ashv Finance which helped her survive in the market in these tough times. Now with the unlocking process and improving situations in Ahmedabad city, her salon is open during the permitted working hours and there is an increasing customer footfall. She is now able to pay her EMIs on a timely basis through the regular home visits and services at the salon.

**"I appreciate the instant assistance and timely support received from Ashv Finance along with the moratorium which was offered in the needy times. This has enabled me to focus on my goals."**

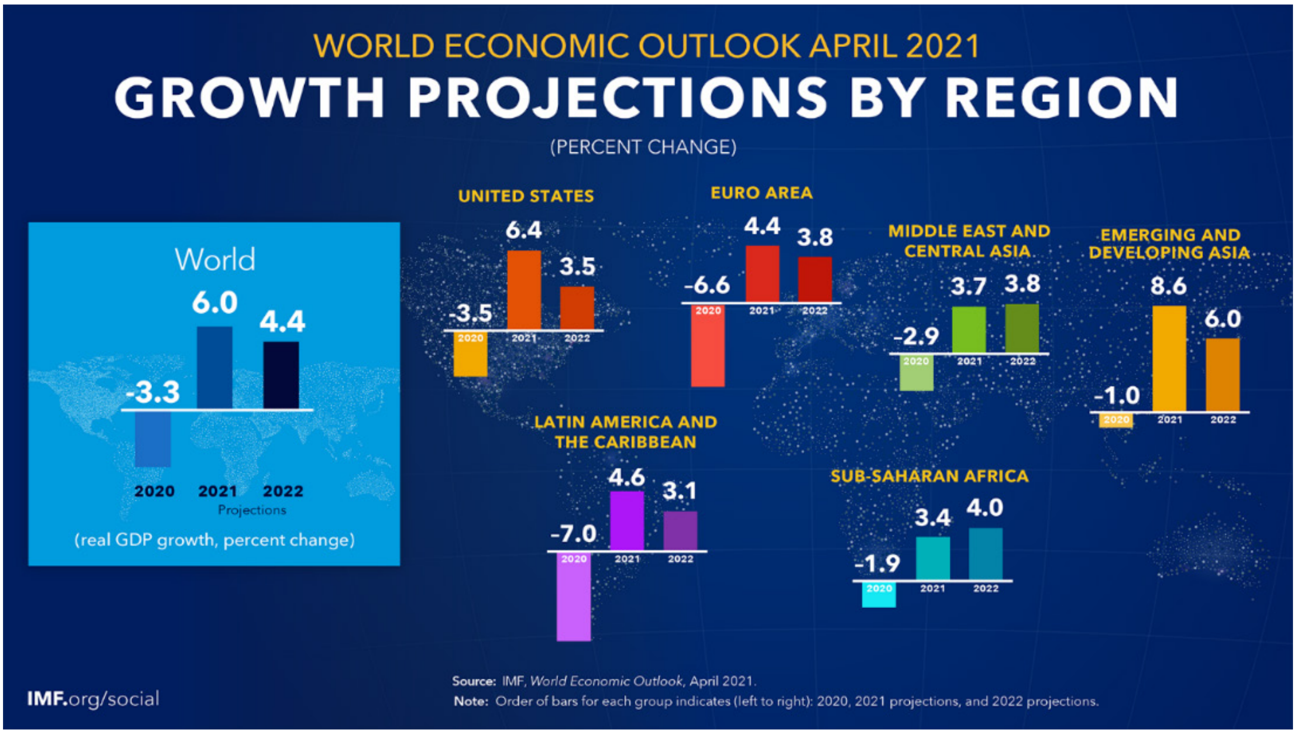
# Management Discussion & Analysis

# MANAGEMENT DISCUSSION & ANALYSIS

## Economic Overview

### (a) Global Economy

After an estimated contraction of 3.3 percent in 2020, as against a 2.9 percent growth in 2019, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. The unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.



### COVID-19 Impact

COVID-19 is here to stay. Hence, we must learn to embrace and adopt this new normal. We should adopt technology and best practices in business and life to cope up the situation and emerge out this pandemic successfully.

Global Growth is Set to Strengthen in the Second Half of 2021.

## (b) Indian Economy

India's GDP contracted 7.3% in FY20-21, a record in the history of Indian Economy. As per the data released by Central Government Gross Domestic Product (GDP) growth for the financial year 2020-21 at 7.3% as compared to 4.0% in 2019-20.

According to the data released by the Centre, India's GDP for the fourth quarter (January to March) grew by 1.6%. Data released in February had revealed that the Indian economy grew by 0.4 percent in October-December 2020, the third quarter of FY 2020-21. Prior to this, with two straight quarters of GDP contraction, India had fallen into a technical recession – the first since India began releasing quarterly estimates of GDP in FY98.

Amid a nationwide lockdown in 2020, the first quarter (April-June) had seen a contraction of 24.4% while the second quarter (July-September) saw a contraction of 8%. The momentum of GDP growth has been affected by the second wave. Indian economy grew 1.6% in Quarter 4 of the financial year 2020-21. Full-year GDP contraction stands at 7.3%.

### GDP per capita

Often, it helps to look at GDP per capita, which is total GDP divided by the total population, to better understand how well-placed an average person is in an economy. India's GDP per capita is at a level of ₹99,700; what it used to be in 2016-17.

### Outlook on growth

The biggest engine for growth in India is the expenditure by common people in their private capacity. This "demand" for goods accounts for 55% of all GDP. The per capita level of this private consumption expenditure, which has fallen to levels last seen in 2016-17. IMF estimates India will be the highest growing economy in FY21-22 in the world. We expect growth to return gradually as the pace of vaccinations increase across the country.

## Overview of the Financial Industry

India has a diversified financial sector undergoing rapid expansion, both in terms of growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payment banks to be created recently, thereby adding to the type of entities operating in the sector. However, financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalize, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guideline to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

## Overview of the NBFC Sector

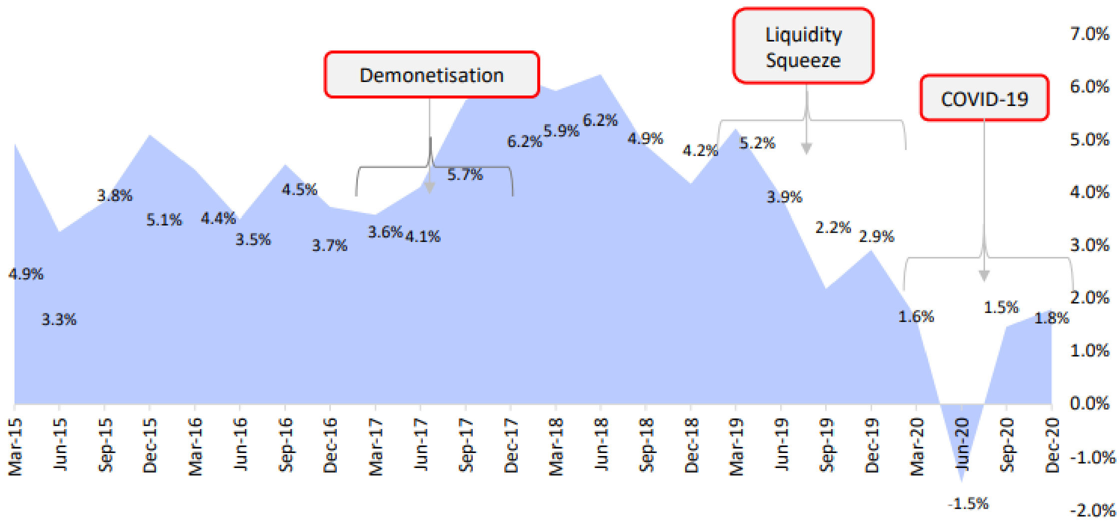
Non-Banking Financial Companies (NBFCs) are one of the major drivers of growth for underserved and unorganized segments of the country. They have been leading from the front in offering credit services to the MSME sector and eventually assisting them in the growth of a large semi-organized business segment, eventually leading to the overall economic growth of the country.

NBFCs have been providing financial services to all the segments from corporates to small business owners who often get deprived of formal credit facilities. NBFCs offer varied categories of loans namely SME/MSME lending, corporate lending, supply chain finance, housing loans, equipment finance, auto loans, etc. NBFCs nowadays function on interesting and unique business models and have been instrumental in adopting technology as the driver of their business.

New-age fintechs are also getting traction based on their business models with notable successes of PhonePe, Razorpay, Cred, etc. NBFCs have faced multiple headwinds for the past few years starting from the defaults of some large NBFCs. Furthermore, the COVID-19 crisis has hampered their asset quality and their access to funding. The pandemic taught various measures that were extremely important to be implemented in a crisis situation like enhancing digitization in the entire life cycle of the customer relationship, substantial focus on cost rationalization, focus on strengthening underwriting norms, focus on on-balance sheet liquidity and strengthening capitalization levels etc.

According to one of the rating agencies, the operating costs should normalize to pre-COVID levels for NBFCs, leading to a moderation in pre-provision buffers to absorb higher-than envisaged credit loss. The rating agency expects non-bank lenders to grow by 9.5% year-on-year in FY 2021-22, whereas growth for housing finance companies would be around 10% year-on-year, higher than the expectations of 4-5% and 6.5%, respectively, for the fiscal year 2021. While covid induced stress among NBFCs has moderated thanks to government schemes, rating agency expects asset quality to remain elevated. Any recovery would hinge on the economy gaining momentum in FY 2021-22. The rating agency also expects lower softer delinquencies and moderate addition to gross non-performing assets.

### Retail-NBFC AUM – QoQ growth trends




Retail-NBFC AUM registered a sequential QoQ growth of 1.5-1.8% in Q2 FY2021 and Q3 FY2021, after declining by 1.5% in Q1 FY2021, as disbursements commenced post the lifting of the lockdown and came close to the pre-Covid levels in the third quarter. Increased focus on collections in view of the expected asset quality related pressures, risk aversion towards some loan/borrower segments and lower overall demand are like to keep the growth muted in FY2020.

*Source: ICRA research, company/company investor presentations, MFIN; best estimates used where data was not available*

## COVID-19 Impact on NBFCs

NBFCs have been facing a larger impact on their growth and asset quality due to the effect of the COVID-19 pandemic, especially the smaller ones who are barely able to sustain themselves due to lack of liquidity in the system. The sector has been very watchful towards new disbursements and has adopted strict underwriting norms. They have been instrumental in adopting technology as an enabler into their system to manage customers effectively. Most lenders took good advantage of the lockdown period in strengthening their technological platforms through the use of online channels for customer onboarding, channel partner portals, digital document collections, video discussions, e-NACH, using digital modes of collection like payment wallets, UPI, etc. NBFCs formally started cautious disbursements post the lockdown period, ended focusing on top-up loans and onboarding new leads selectively and also with a change in product focus. On a good note, the pandemic has made the sector flexible and introduced them to newer ways of functioning. A smooth transition has been towards working with a new normal, while maintaining higher quality standards and services.

## Positive Measures by the Government to Support the Crisis

The Government announced various measures to provide liquidity support to non-bank lenders, many of them who provide financial services at the bottom of the pyramid. The Government agreed to provide full and partial guarantees on investments in debt securities issued by non-bank lenders under two different schemes. The first scheme was a ₹30,000 Crs. special liquidity facility, where investments can be made in investment-grade debt securities of NBFCs, housing finance companies and microfinance institutions which was fully guaranteed by the Government. The facility created demand for securities issued by the non-bank lenders and helped provide liquidity to them. Risk aversion in the current environment has meant that mutual funds and other investors have been reluctant to buy NBFC debt, leaving bank finance as the only option for them. Additionally, a second scheme was introduced to help smaller entities in the financial services space. The ₹45,000 Crs. partial credit guarantee scheme was introduced to cover primary issues of lower-rated NBFCs. 20% first loss guarantees to be provided by the Government. The lower-rated and unrated securities were eligible for relief via the scheme.

Separately, the Government also introduced 3 Lakh Crs. in collateral-free, government guaranteed loans for micro, small and medium-sized enterprises. Liquidity measures and partial credit guarantee scheme 2.0, amounting to a total of ₹75,000 Crs, infused more money in the financial system, and, thereby, benefited the NBFCs in a big way. This was a much-needed impetus needed to push the economy forward. This liquidity scheme was in addition to the ₹50,000 Crs. funding available under the RBI's targeted long term repo operations (TLTRO 2.0). Under the TLTRO 2.0 window, banks can access three-year funding from the RBI to invest in investment-grade papers of NBFCs, with at least 50% in small- and mid-sized NBFCs and MFIs. Within this, 10% to be invested in securities issued by MFIs, 15% in securities issued by NBFCs with assets of ₹500 Crs. and below, and another 25% in securities issued by NBFCs with assets of ₹500—5,000 Crs. In light of the evolving impact of the second Covid-19 wave on certain sectors, the RBI has continued with its stance of supporting the liquidity and credit needs of impacted sectors.

## Overview of the MSME Sector

Micro, small and medium Enterprises (MSMEs) are the growth accelerators of the Indian economy, contributing about 30% of the country's gross domestic product (GDP). In terms of exports, they are an integral part of the supply chain and contribute about 40% of the overall exports. MSMEs also play an important role in employment generation, as they employ about 110 million people across the country. Interestingly, MSMEs are intertwined with the rural economy as well, as more than half of the MSMEs operate in rural India.

The significance of the MSMEs sector can be noted from the fact that it is the second-largest employment provider, after agriculture in India. In India, at present, there are nearly 56 million such enterprises in various industries, employing close to 124 million people. Of these, nearly 14% are women-led enterprises, and close to 60% are based in rural areas.

The MSME landscape covering more than 6.5 Crs. entities across the country and employing >10 Crs. people contributes 30% to GDP and 45% to exports and manufacturing. Despite this volume and its strategic importance, MSMEs have continued to remain an underpenetrated and untapped segment among the financiers. The number of MSMEs has been increasing across India and access to credit has been a very crucial factor for the sector. Non-bank lenders have emerged to play a key role in the delivery of financial services to this segment by extending a range of products customized as per their needs.

However, the MSME space has been facing multiple challenges due to the countrywide lockdown imposed to curb the impact of COVID-19 pandemic.

There has been a significant impact on MSME lending business models leading to lenders focusing primarily on conserving liquidity and raising capital for eventual losses, accelerating digital adoption for customers, sales team and other employees, cost rationalization through right-sizing operations, sub-scaling branches, re-negotiating rents etc.

In the recent past, the sector has seen a lot of initiatives and developments in the MSME lending space, right from government schemes to regulatory changes to emergence of new age lenders. Change in MSME definition to include turnover-based criteria with Micro (<5 Crs.), Small (50 Crs.), Medium (<250 Crs.); MSME UDYAM – ₹20 million registered MSMEs – Eligible to receive govt. benefits; ₹3 Lakh Crs. in the form of a fully guaranteed emergency credit line: ₹50,000 Crs. equity infusion of MSMEs; ₹16,000 Crs. allocated in Budget 2021.

### Credit Growth of MSME Lending

The total on-balance sheet commercial lending exposure in India stood at ₹71.25 lakh Crs. in Sep' 20 with YOY growth rate of 2.1%. MSME segment 's credit exposure is ₹9.09 lakh Crs. as of Sep' 20, showing YOY growth rate of 5.7% and this credit growth is observed across all the sub-segments of MSME lending.

## An Insight from the Management

### Ashv's Journey so far

Ashv Finance Ltd is a growing NBFC, lending primarily in the MSME sector. Ashv takes pride in playing a significant role in Indian financial system by providing credit and bringing the underbanked businesses in the formal finance system. Ashv is better positioned as compared to its peers in the industry and this is reflected in the financials for FY2021. Ashv's successful FY21 was due to its timely strategic move of revamping of the business model, setting up an experienced fund-raising desk, revisiting the underwriting credit processes, driving the technology and its robust collections processes. All these efforts put together have placed Ashv in a dominating place and prominently visible in the MSME sector.

### Business Segment

Ashv Finance Limited is engaged in funding the MSME segment with a key focus in lending to the micro and small businesses in urban & semi urban areas. The company is primarily catering to the under-served micro & small growing businesses like the local dukandars, small shop-owners, grocery stores, milk shops, small traders, etc. The company offers differentiated credit after designing product offerings that are best suited to the target segments. The company's average ticket size ranges from ₹8–10 lakhs and the average tenor of loan offered is ~ 27 months. The company has a customer base of ~5500 active clients as on Mar '21 and has operations spread across 11 States / UTs with a network of 24 branches as on Mar '21.

### Strong Promoter Group & Marquee Institutional Investors

Ashv Finance Limited is promoted by Aavishkar Group, which is India's leading impact investment platform with an AUM of USD 1 Bn and robust businesses across the Financial Value Chain. The Company has also raised equity from marquee institutional investors like Omidyar Network, DWM-International and Triodos Investments. These institutional investors have infused repetitive rounds of equity thereby reflecting investor confidence in the company.

### Upgrade in Credit Rating

The company's long term credit rating has been upgraded from BBB- by CARE Ratings to BBB assigned by India Ratings in March, 2021. This reflects the growth trajectory and confidence on business model by Rating Agency.

### Growth in AUM

The company's AUM has recorded growth in excess of 31% y-o-y. The AUM as on 31st Mar, 2021 is ₹514 Crs., thereby making it a systematically important NBFC. The company reported top line of ₹98 Crs. and PAT of ₹7.96 Crs. for FY 2020-21.

### Healthy Increase in Revenue & Net Interest Income

The Total Revenue has grown from ₹61 Crs. in FY 2019 to ₹98 Crs. Similarly, NII has increased from ₹22 Crs. in FY 2019 to ₹60 Crs. in FY 2021. This increase is primarily due to shift in focus on lending to smaller ticket size borrowers having relatively higher yields.

### Strongly Capitalized with low gearing

The company's Net worth is ₹249 Crs. as on 31-Mar-2021 vis-à-vis ₹157 Crs. as on 31-Mar-2019. CRAR ratio is 41%, which is well above the RBI stipulated requirement of 15%. The leverage ratio is comfortable at 1.37 times as on 31-Mar-2021.

### Adequate Provision Coverage Ratio

The company is adequately covered against loan losses, having maintained a Total Loan Loss Provision Coverage Ratio in excess of 138% as on 31-Mar-2021.

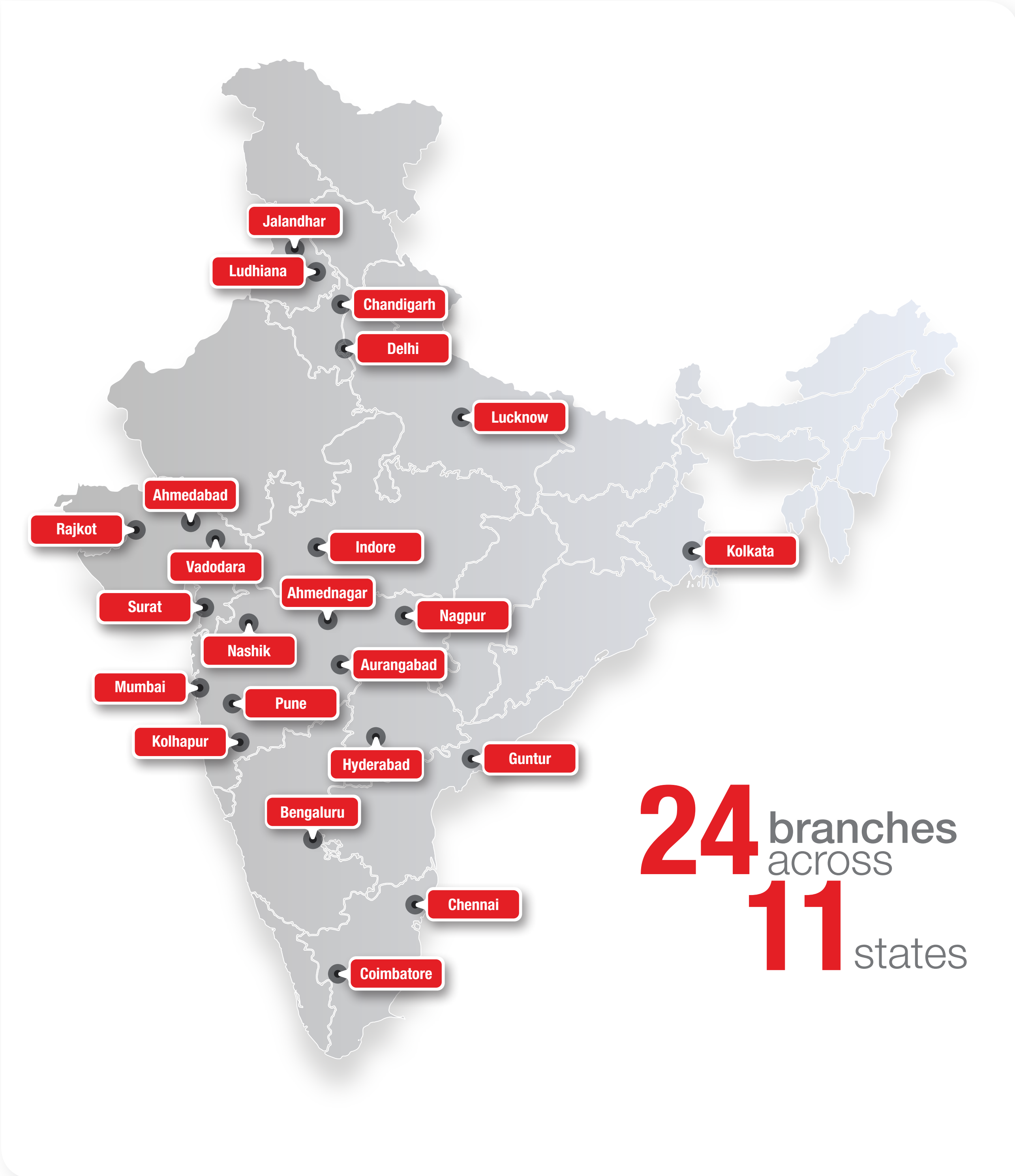
### ALM Position

The company has a comfortable ALM position with positive mismatch across all buckets as on Mar '21.

### NNPA & GNPA

The company's Gross NPA and Net NPA as on Mar '21 is 3.15% and 1.52% respectively.

## Ashv's Geographic Footprint



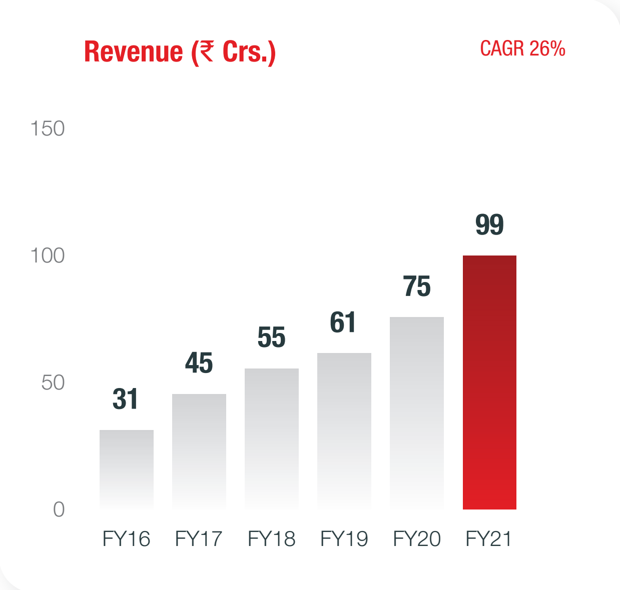

(as on March 31, 2021) * Map not to scale. For illustrative purposes only.

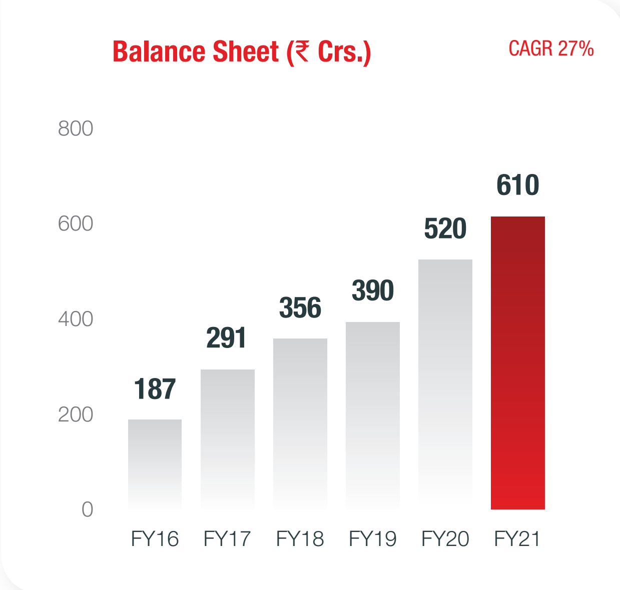
## Key Metrics

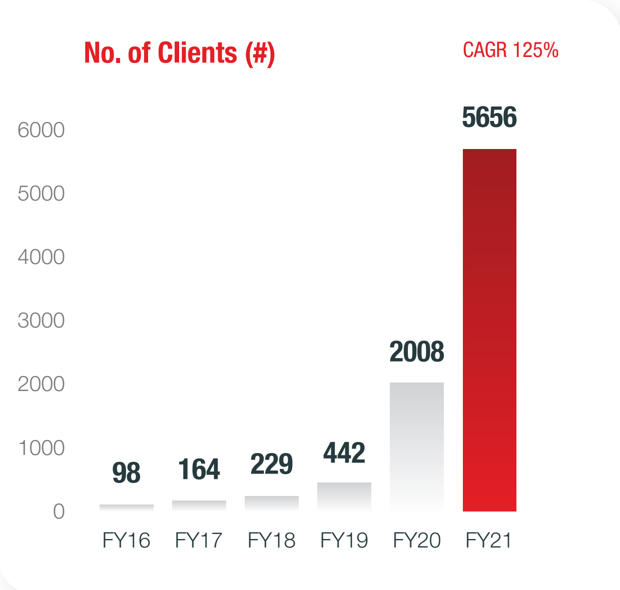
| | Networth | PAT | CRAR | PCR | NNPA |
|---|---|---|---|---|---|
| Mar 21 | 249 | 7.94 Cr | 41 % | 138 % | 1.52 % |
| Mar 20 | 240 | 3.77 Cr | 61 % | 123 % | 1.58 % |

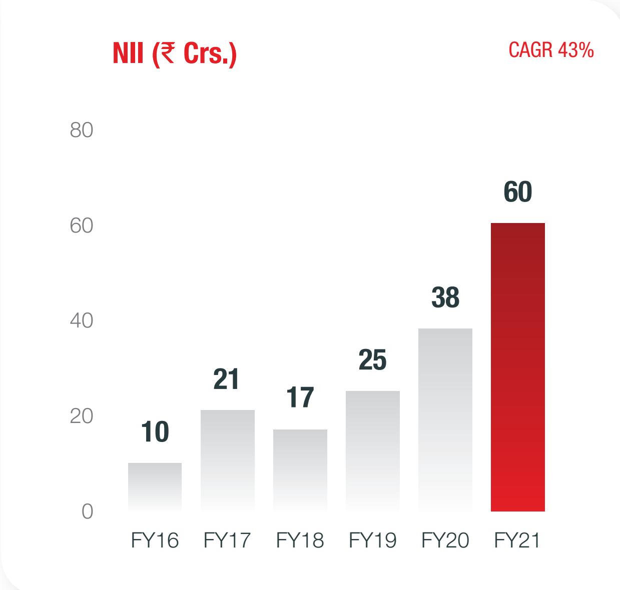
| | PAR 30 | Avg Ticket size | Branches (#) | Customers (#) | Sales force (#) |
|---|---|---|---|---|---|
| Mar 21 | 33 Cr | 13 Lakhs | 24 | 5,456 | 165 |
| Mar 20 | 14 Cr | 18 Lakhs | 12 | 2,008 | 77 |

## Key Performance Trends




**33%**
Increase
Mar '21
Revenues

**15.8%**
Net Interest
Spread
YTD Mar '21

**1.4**
Debt to
Equity
Mar '21

**249 Crs.**
Networth
Mar '21

## Key Financial Highlights

| Particulars | ₹ Crs. | | |
|---|---|---|---|
| | FY 2021 (Audited) | FY 2020 (Audited) | FY 2019 (Audited) |
| **AUM** | **514.18** | **391.00** | **379.10** |
| **Profit & Loss Extract** | | | |
| Total Revenue | 97.85 | 74.97 | 61.44 |
| Net Interest Income (NII) | 60.18 | 36.41 | 21.93 |
| Opex | 45.02 | 27.51 | 15.17 |
| PAT | 7.96 | 3.77 | 1.89 |
| **Balance Sheet** | | | |
| Networth | 248.89 | 240.29 | 156.74 |
| Total Debt | 337.88 | 257.87 | 224.29 |
| Cash & Cash Equivalent | 48.02 | 105.86 | 10.88 |
| **Key Ratios** | | | |
| CRAR | 41.00% | 60.69% | 42.07% |
| Leverage (D/E) | 1.37 | 1.08 | 1.43 |
| Provision Coverage Ratio | 138% | 123% | 24% |
| Gross NPA | 3.15% | 2.36% | 3.86% |
| Net NPA | 1.52% | 0.69% | 3.32% |

# AN INSIGHT TO OUR CUSTOMER'S EXPERIENCE

## Incompressible Fluid Control System

Located at Chennai, Tamil Nadu and incorporated in 2012 as a Sole proprietorship-based firm, Incompressible Fluid Control System, under the able guidance of the MD, Mr. Gopinath indulges as a total water management organization with profound technical know-how, process engineering capability and professional project management to deliver world class end-to-end water management solutions. The firm is a process EPC company that offers turnkey water and wastewater treatment plants. It is not only a supplier, wholesaler and trader of a wide range of Hydro Pneumatic Pressure Boosting System, Channel Shutoff Device, Package Water Treatment Unit and Water Process Equipments but also renders Maintenance Support Service, Operation Service, Rehabilitation Service and many more to its valued clientele. Industries Served are Infrastructure & Institutions, Textile Industry, Government STP Plants, Power Plants, Chemical Industry and Leather Industry located mainly in Coimbatore and Tirupur. Water recycling and practices of water savings are therefore a priority for our operations. We closely monitor all water streams into and out of our sites, which helps ensure effective management of water resources and costs.

The firm has tied up with an authentic and vast vendor base with financial stability, ethics, goodwill, domain expertise, price policy, and delivery prospect.

Backed with a dexterous team of 35 professionals, the firm's infrastructure is divided into different segments like the quality control department, sales and marketing units, logistic section and the team encompasses the quality auditors, sales and marketing personnel, skilled technicians, engineers and more.

The firm had a turnover of Rs. 4–5 Crs. and faced working capital deficiency during the pandemic, last year. Due to the complete lockdown in the country, the installation of treatment plants and even servicing of the installed plants at the industries/clients was a great challenge for the firm. The firm was unable to serve any of its existing or new customers due to the travel restrictions leading to a drop in the business turnover. Though the firm forecasts good business due to the strong quality products and services offered to its customers, the covid restrictions have slowed down business for them. To meet the working capital requirements, Mr. Gopinath approached many banks and other financial institutes, however, on facing rejection from them, he approached Ashv Finance for a working capital credit facility. The loan documentation to sanction and disbursement process was quite smooth for Mr. Gopinath.

He received prompt and efficient service from Ashv Finance. With the help of working capital loan received from Ashv Finance, he was also able to bag projects worth ₹20 Crs. and in process of acquiring a project worth ₹100 Crs.

# Director's Report

# DIRECTOR'S REPORT

**Dear Members,**

Your Board of Directors (the "Board") takes pleasure in presenting Twenty Third (23rd) Annual Report of the Ashv Finance Limited (Erstwhile known as Jain Sons Finlease Limited) (the "Company") together with the Audited Financial Statements for the year ended 31-Mar-2021:

## Financial Result

The financial performance of the Company is summarized below:

(All amounts in ₹ unless otherwise stated)

| Particulars | 31-Mar-2021 | 31-Mar-2020 | Change (%) |
|---|---|---|---|
| Revenue from Business Operations | 96,92,95,094 | 74,81,00,332 | 29.57% |
| Other Income | 92,45,782 | 15,80,211 | 485.10% |
| **Total Revenues** | **97,85,40,876** | **74,96,80,543** | **30.53%** |
| Less: Expenses | 59,08,13,394 | 39,50,37,930 | 49.56% |
| **Profit before Interest and Depreciation** | **38,77,27,482** | **35,46,42,613** | **9.33%** |
| Less: Interest | 34,54,04,031 | 32,68,01,068 | 5.69% |
| **Profit before Depreciation** | **4,23,23,450** | **2,78,41,545** | **52.02%** |
| Less: Depreciation | 1,57,78,598 | 75,73,927 | 108.33% |
| **Profit after Depreciation and Interest** | **2,65,44,853** | **2,02,67,618** | **30.97%** |
| Less: Current Income Tax | 75,48,744 | - | - |
| Less: Deferred tax benefits | (5,79,93,760) | (1,74,44,707) | 232.44% |
| Less: Taxes of earlier years | (26,44,441) | - | - |
| **Profit after Tax** | **7,96,34,309** | **3,77,12,325** | **111.16%** |
| Other comprehensive income, Net of tax | 2,34,000 | 12,31,000 | -80.99% |
| **Comprehensive income for the year** | **7,94,00,309** | **3,64,81,324** | **117.65%** |
| **Amount transferred to Statutory Reserve pursuant to Section 45-IC of Reserve Bank of India (RBI) Act, 1934** | **1,84,00,000** | **76,00,000** | **142.11%** |
| Balance carried to Balance Sheet | 6,09,97,689 | 2,88,81,324 | 111.20% |
| Earnings per share (Basic) | 2.37 | 1.75 | 35.37% |
| Earnings per share (Diluted) | 1.89 | 1.41 | 34.18% |

## Review of Business Operations and Company's State of Affairs

During the year under review, the Company reviewed its customer segments, its risk approach and its distribution capabilities and realigned its business thrust and direction accordingly. The Company shifted its target client segments to micro, small and medium enterprises (MSME) apart from onward lending. During the year, we have opened up Branches in Surat, Ahmednagar, Rajkot, Indore, Aurangabad, Ludhiana, Chennai, Coimbatore, Chandigarh, Jalandhar, PCMC Pune. As of today, total of 24 branches have been opened up and have built up a distribution team accordingly.

During the year under review, the Company has disbursed ₹443 Crs. of fresh loan as compared to ₹458 Crs. of fresh loan in previous financial year FY20.

During the year under review, revenue of the Company has also grown up by 29.57%, while the operating expense ratio has also increased by 49.56%. The Operating expense grew on account of the building the distribution team in order to cater to the new segment and due to acquisition of MSME Business through Slump Sale from a Group Company i.e., Arohan Financial Services Limited.

During the year under review, the Covid-19 pandemic has impacted all the countries in the world, including India. As result of the same, the Government of India had announced lockdown and quarantine measures that impacted economic activities and all businesses at large. To stabilize the situation, RBI had announced various measures to ease financial system stress like moratorium on loan repayments, asset classification, restructuring of loans, reduction in Cash Reserve Ratio, ease of working capital financing, relaxation in compliances. RBI had also introduced various schemes like Mudra Loan, the Emergency Credit Lines Guarantee Scheme (ECLGS), Scheme for grant of ex-gratia payment of Interest etc.

The Company lost some significant business during the year owing to the break-out of Covid-19 and nation-wide lockdown. In response to Covid-19 pandemic, the Management has taken quick actions like issuance of travel advisory to all employees, Business Continuity Plan activated with work from home (WFH) guidelines, taken employee Covid-19 insurance, launched covid response for customers, taken Covid health insurance for customers and gradually worked towards internal systems capability building, offered specific products for targeting Covid resilient sectors like shopkeepers, focus developed towards digital means of collection/sourcing, application building for end-to-end customer journey, re-looked at ticket size of business loans, banking surrogate and cluster loans, developed new underwriting parameters, introduced Covid specific negative industries list, developed plans in order to tackle during the Covid and post-covid challenges.

A detailed overview of the state of affairs of the Company, Industry Overview, future outlook etc., is provided in the Management Discussion and Analysis section, enclosed with this report.

## Scheme of Arrangement with Tribetech Private Limited

During the year under review, the Company had in its meeting of Audit and Compliance Committee and Board of Directors of the Company held on 22-Jul-2020 approved the Scheme of Arrangement (the "Scheme") between TribeTech Private Limited (the "Transferor Company") and Ashv Finance Limited (erstwhile known as Jain Sons Finlease Limited) (the "Transferee Company") and their respective shareholders under Section 230 to 232 of the Companies Act, 2013 ("the Act") and other applicable provision of the Act and rules framed thereunder to rationalize the business operations and activities of both, the Transferor Company and the Transferee Company, by bringing together the synergy between the technology platform and the distribution capabilities of the two companies.

Further, in accordance with the order dated 01-Feb-2021 of Hon'ble National Company Law Tribunal, Mumbai Bench pursuant to the Company Scheme Application No. C.A. (CAA) No. 1113 of 2020, your Company convened National Company Law Tribunal ("NCLT") convene meetings on 19-Mar-2021 of Shareholders and Secured Creditors of the Company and approved the Scheme subject to the subsequent approval of the Hon'ble National Company Law Tribunal, Mumbai Bench. Currently, the Company had submitted requisite reporting post NCLT convened meetings with NCLT for further process.

## Change in the Nature of Business

There has been no change in the nature of business of the Company during the year under review.

## Resource Mobilization

During the year under review, the Company has raised funds from Banks and Financial Institutions through various channels including Term Loans, Non-Convertible Debentures (NCDs) on a private placement basis and securitization of loan assets of the Company in line with the Company's Resource Planning Policy.

### (a) Non-Convertible Debentures

During the year under review, the Company has raised funds by way of issuance of Non-Convertible Debentures (NCDs) on a Private Placement basis as mentioned below:

| Date of Allotment | Description of NCDs | No. of NCDs | Face Value (FV) (in ₹) | Nominal Value (in ₹) | Principal Outstanding (in ₹) |
|---|---|---|---|---|---|
| 25-Nov-2020 | Secured, Unlisted, Redeemable, Transferable, Taxable, INR denominated, Non-convertible Debentures | 320 | 10,00,000 | 32,00,00,000 | 32,00,00,000 |
| 01-Mar-2021 | Secured, Rated, Redeemable, Taxable, Non-Convertible Debentures | 2,000 | 1,00,000 | 20,00,00,000 | 18,66,68,000 |

Funds raised through private placement of debentures were utilized for the purpose as mentioned in the offer documents.

### (b) Bank & Financial Institution

During the year under review, Banks & Financial Institutions remains an important source of funding for your Company. Financial Institution continued their support to your Company during the Financial Year. As of 31-Mar-2021, borrowing from Bank and Financial Institutions were ₹183,00,00,000/- as against ₹154,00,00,000/- in the previous year.

### (c) Securitization

During the year under review, the Company has raised funds of ₹10,68,18,592.91/- by way of Securitization of loan assets of the Company.

No interest payment or principal repayment of the Term Loans and on Debentures was due and unpaid as of 31-Mar-2021. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks, financial institutions and debt security holders as and when they become due.

## Share Capital

### (a) Authorized Share Capital

During the year under review, there is no change in the Authorized Share Capital of the Company. Authorized Share Capital of the Company as of 31-Mar-2021 is as below:

| Particulars | No. of Shares | Nominal Amount (In ₹) |
|---|---|---|
| Equity Shares<br>(FV of ₹10/- each) | 7,34,00,000 | 73,40,00,000 |
| Series C Compulsorily Convertible Preference Shares (CCPS)<br>(FV of ₹10/- each) | 60,00,000 | 6,00,00,000 |
| Series D Compulsorily Convertible Preference Shares (CCPS)<br>(FV of ₹10/- each) | 56,00,000 | 5,60,00,000 |
| **Total** | **8,50,00,000** | **85,00,00,000** |

### (b) Issued, Subscribed, and Paid-up Share Capital

During the year under review, the Company has not issued any shares either through private placement basis, through differential rights, public issue, bonus issue, sweat equity issue, or bought back any securities. The issued, subscribed, and paid-up share capital of the Company as of 31-Mar-2021 are as below:

| Particulars | No. of Shares | Nominal Amount (In ₹) |
|---|---|---|
| Equity Shares<br>(FV of ₹10/- each) | 3,36,15,301 | 33,61,53,010 |
| Series C Compulsorily Convertible Preference Shares (CCPS)<br>(FV of ₹10/- each) | 58,49,966 | 5,84,99,660 |
| Series D Compulsorily Convertible Preference Shares (CCPS)<br>(FV of ₹10/- each) | 26,27,724 | 2,62,77,240 |
| **Total** | **4,20,92,991** | **42,09,29,910** |

## Employees Stock Option Plan

Your Company had formulated and implemented the "IntelleGrow Employee Stock Option Plan 2018" (IntelleGrow ESOP 2018), ESOP Scheme 1, with a view to reward the key employees for their association, dedication, and contribution to the goals of the Company. The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Scheme in accordance with applicable regulations. The details of the Employee Stock Option Plan as required to be provided under Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are annexed to this Report as an **Annexure-A** and forms an integral part of the Report.

The Company is under the process of acquisition of demerged undertaking of TribeTech Private Limited ("Transferor Company") in consideration of issuance of shares to the shareholders of Transferor Company. In view of the same and as per the Scheme of Arrangement approved, Transferor Company's employees will be granted the ESOPs of the Company. Therefore, the Company had in its meeting of the Board of Directors of the Company held on 10-Mar-2021 approved and adopted Ashv Finance – Employee Stock Option Plan 2021, ESOP Scheme 2, which shall be effective upon receipt of NCLT order.

## Change in Constitutional Documents

During the year under review, the Company had amended its Memorandum of Association and Article of Association of the Company as mentioned below:

### (i) Alteration in Memorandum of Association

During the year under review, the Company had altered its Memorandum of Association of the Company due to the following events:

#### (a) Alteration of the Object Clause and alignment with the Act

Memorandum of Association of the Company was modified to align the same with the requirement of the Act and also inserted one object clause to undertake the cross-selling insurance business along with its existing business activities Company by way of passing a Special Resolution at the Extra Ordinary General Meeting held on 07-Jul-2020.

#### (b) Alteration of the Liability Clause

Memorandum of Association of the Company was modified w.r.t. Liability Clause, in order to align the same with the Act by inserting the following language by way of passing a Special Resolution at the Extra Ordinary General Meeting held on 07-Jul-2020.

"IV. The liability of the Members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

#### (c) Clause I of Memorandum of Association – Name Clause

The Company had by way of passing a Special Resolution in the Extra-Ordinary General Meeting of the Company held on 04-Sep-2020 and upon receipt of confirmation from Ministry of Corporate Affairs on 08-Oct-2020, changed the Name of the Company from 'Jain Sons Finlease Limited' to 'Ashv Finance Limited'.

### (ii) Alteration in Article of Association

Articles of Association of the Company was modified due to change in the Name of the Company from 'Jain Sons Finlease Limited' to 'Ashv Finance Limited' by way of passing Special Resolution at the Extra Ordinary General Meeting of the Company dated 04-Sep-2020 and upon receipt of confirmation from Ministry of Corporate Affairs on 08-Oct-2020.

## Transfer to Reserves

During the year under review, the Company has transferred ₹1,84,00,000/- to the Statutory Reserve maintained under Section 45IC of the RBI Act, 1934.

## Dividend

Considering your Company's rapid growth and future strategy and plans and with a view to conserve capital, given the challenging situation caused by the ongoing Covid-19 pandemic, your Directors consider it prudent to conserve the resources of the Company and do not recommend any dividend to any of its shareholders for the financial year under review.

## Directors and Key Managerial Personnel

### (a) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Mr. Vineet Chandra Rai (DIN: 00606290), Chairman and Director of the Company, being longest in the office, retires by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment and your Directors recommends his re-appointment. Declaration from the Director under Section 164(2) of the Act had been received stating that he was not disqualified from being appointed as the Director.

### (b) Cessation of Directors

During the year under review, Mr. Aleem Remtula (DIN: 02872107), Nominee of DWM (International) Mauritius Ltd, who was appointed as a Nominee Director of the Company on 24-May-2017, resigned as a Nominee Director w.e.f. 12-May-2020. Mr. Sarunas Kubilickas (DIN: 07979896), Nominee of Legal Owner Triodos Funds B.V. in its capacity as the legal owner of Triodos Fair Share Fund (previously known as Triodos Custody B.V. INZ. Triodos Fair Share Fund) and Triodos SICAV II – Triodos Microfinance Fund, who was appointed as a Nominee Director of the Company on 06-Nov-2017, resigned from the close of business hours of 31-Oct-2020.

The Board of Directors places on record their sincere appreciation of the valuable contribution and support provided by Mr. Aleem Remtula and Mr. Sarunas Kubilickas as a Nominee Directors of the Company during their tenure in the Company.

### (c) Appointment of Directors

During the year under review, upon recommendation of the Members of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 12-May-2020 had appointed Ms. Suma Swaminathan (DIN: 08735282) as an Additional Director (Nominee of DWM (International) Mauritius Limited) of the Company.

Further, the Company had in its 22$^{nd}$ Annual General Meeting held on 22-May-2020 regularized the appointment of Ms. Matangi Gowrishankar as an Independent Director and Ms. Suma Swaminathan as a Nominee Director of the Company.

## (d) Composition of Board

As on date, the Board comprises 7 (Seven) Directors viz:

1. Mr. Vineet Chandra Rai ................ Chairman & Director
2. Mr. Rakesh Rewari ................ Independent Director
3. Ms. Matangi Gowrishankar ................ Independent Director
4. Ms. Anuradha Ramachandran ................ Nominee Director
5. Ms. Suma Swaminathan ................ Nominee Director
6. Mr. Anurag Agrawal ................ Director
7. Mr. Nikesh Kumar Sinha ................ Managing Director

## (e) Declaration from Independent Directors

The Company has received declarations from Mr. Rakesh Rewari and Ms. Matangi Gowrishankar, Independent Directors of the Company, confirming that they met the criteria of independence as stipulated in Section 149(6) of the Act read with rules framed thereunder.

## (f) Disqualification of Directors

The Company has received declarations from all the Directors including Independent Directors of the Company confirming that they are not disqualified on account of non-compliance with any of the provisions of the Act and as stipulated in Section 164 of the Act.

## (g) Declaration of Fit & Proper Criteria

All the Directors of the Company have given the declaration to the effect that they are Fit & Proper, to be appointed as Director, as per the Criteria prescribed by RBI.

## (h) Annual Performance Evaluation of the Board

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the Directors individually (including Chairman). The feedback of the Independent Directors on their review of the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company was made based on the questionnaire to evaluate the performances of Executive, Non-Executive Directors. Accordingly, Directors other than Independent Directors evaluated the performance of Independent Directors and the Board as a whole based on the questionnaire to evaluate the performances of Independent Directors. The evaluation framework for assessing the performance of Directors comprised of the following key areas:

v. Structure and Composition of Board
vi. Corporate Culture
vii. Board Effectiveness
viii. Board Information
ix. Board Functioning
x. Performance Evaluation

### (i) Key Managerial Personnel (KMP)

During the year under review, Mr. Nikesh Kumar Sinha, Managing Director, Ms. Kiran Agarwal Todi, Chief Financial Officer, and Ms. Monika Thadeshwar (Variava), Company Secretary are the Key Managerial Personnel (KMP) of the Company. There were no changes that occurred in the KMP of the Company.

## Managerial Remuneration and Other Details

The necessary details/disclosures of Ratio of Remuneration to each Director to the median employee's remuneration and other details pursuant to the Section 197(12) of the Act and as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as an **Annexure-B** with this report.

The statement containing particulars of employees as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report. In terms of Section 136 of the Act, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid annexure and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing to the Company Secretary of the Company.

## Policy on Directors' Appointment, Payment of Remuneration and Discharge of their Duties

The Company's policy relating to the appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Act and the 'fit and proper' criteria to be adopted at the time of appointment of Directors and continuingly, pursuant to the Non- Banking Financial Companies (NBFC) – Corporate Governance (Reserve Bank) Directions 2015 issued by the RBI and adopted by the Company is annexed as an **Annexure-C** with this report. The Nomination and Remuneration Policy consisting of salient features are available on the Company's website at https://www.ashvfinance.com/investor-relations/.

## Corporate Governance

The Company recognizes its role as a corporate citizen and endeavors to adopt good practices, and standards of corporate governance through transparency in business ethics, accountability to its customers, government and various stakeholders for building the strong foundation of the Company.

Thus, with constant aim to safeguard the interest of all stakeholders and in accordance with terms of the RBI Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company had framed and adopted the Corporate Governance Policy duly approved by the Board of Directors of the Company during the year under review. The report on the Corporate Governance of the Company as of 31-Mar-2021 be and is hereby annexed as an **Annexure-D** to this report. The said policy is available on the website of the Company at https://www.ashvfinance.com/investor-relations/.

## Board and Committee Meetings

During the year under review, the Board of Directors of the Company met 8 times. The details of meetings of the Board and its Committees held during the year are specified in the Corporate Governance Report of the Directors which forms parts of this report. The intervening gap between the two Board meetings was within the period prescribed under the Act.

## Corporate Social Responsibility

As per Section 135 of the Act, your Board has constituted a Corporate Social Responsibility (CSR) Committee of the Board to support the Company in achieving the CSR objectives of the Company. Details of the constitution of the CSR Committee are provided in the Corporate Governance Report which forms parts of this report.

CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy in line with CSR activities as defined in Schedule VII of the Act, which has been approved by the Board. During the year under review, there were no changes in the said policy recommended by CSR Committee and approved by the Board. Corporate Social Responsibility Policy is available on the Company's website at https://www.ashvfinance.com/investor-relations/.

The average net profit for immediate previous financial year is below the threshold limit, as specified in section 135 of the Act, your Company was not required to spend any amount towards CSR during the financial year under review. However, as a part of a group initiative to deal with unfolding humanitarian challenges pertaining to the Covid-19 Pandemic, Company contributed up to 5% of the profit of FY2020, not exceeding ₹10,00,000/- (Rupees Ten Lakhs Only) under Section 181 of the Act.

Under the said initiative, the Company had along with their employees contributed towards providing PPE kits, Masks & Gloves to frontline healthcare providers workers dealing with incoming migrant population to prevent community outbreak workers in district of Simdega, Garwah, Chatra, Khunti and Ramgarh, towards distribution of rations to ragpickers, domestic workers, construction and migrant laborers who have lost their daily wage due to the COVID-19 lockdown in Odisha and Uttar Pradesh, towards providing ration to migrant labourers, victims of sexual violence etc.) for 2 weeks in Bihar – Patna and towards distribution of Ration Kits for families for 10 days in Lucknow, Uttar Pradesh. Along with Group, the Company was able to generate impact by allocation of the said Grant facility through 16 Grantee Partners support, in 30+ Districts supported in 10 States of India, 3,71,991 Meals Provided to 31,455 Beneficiaries, 11 Medical Organizations Supported with 4,750 PPE Kits, 31,580 Masks & other Medical Equipment.

Further, the Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, forming part of this Annual Report is hereby annexed as an **Annexure-E**.

## Risks Management and Areas of Concern

The Company has laid down a well-defined Risk Management framework covering the risk mapping, trend analysis, risk exposure, potential impact, and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage, and monitoring of both business and non-business risk. The Risk Committee of the Board constituted in accordance with the RBI guidelines has overall responsibility for overseeing the Risk management activities of the Company. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework. The details of the Risk Committee have been provided in the Corporate Governance Report forming part of this report.

## Directors Responsibility Statement

Your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them and as required under Section 134(3)(c) of the Act state that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures; if any;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and the reviews performed by management and the relevant board committees, including the Audit and Compliance Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2020-21.

## Statutory Auditors

Walker Chandiok & Co LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company from the financial year ended as on 31-Mar-2012 and had completed the term of five consecutive financial years as on 31-Mar-2016. Further, as per Section 139(2) of the Act, they were re-appointed for another term of five consecutive years ending as on 31-Mar-2021 till the conclusion of the Twenty Third Annual General Meeting of the Company. As per section 139 (2) (b), no audit firm can be appointed or re-appointed as Statutory Auditor of the Company for more than two terms of five consecutive financial years.

The financial statements of the Company for the financial year ended 31-Mar-2021 have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Act.

The notes to the accounts referred to in Auditors Report are self-explanatory. The Statutory Auditors' Report on the financial statements for the financial year 2020-21 does not contain any qualification, reservation, or adverse remark.

In terms of the provisions of Section 139 of the Act and in accordance with completion of 2 tenors of Walker Chandiok & Co LLP, Chartered Accountants as Statutory Auditors of the Company approved by the Members of the Company, Walker Chandiok & Co LLP shall cease to hold office as a Statutory Auditors of the Company from the conclusion of the Twenty Third Annual General Meeting of the Company.

In terms of Section 139 of the Act read with rules made thereunder, the Audit and Compliance Committee of the Board after assessing the qualifications and experience of Batliboi & Purohit, Chartered Accountants, having ICAI Firm Registration No. 101048W recommended their appointment as Statutory Auditors of the Company for a term of 5 consecutive years to the Board of Directors of the Company. Upon recommendation of the Audit and Compliance Committee, the Board of Directors has approved the appointment of Batliboi & Purohit, Chartered Accountants as a Statutory Auditors of the Company to hold office for a period of 5 consecutive years i.e., from the conclusion of the 23rd Annual General Meeting of the Company till the conclusion of the 28th Annual General Meeting of the Company.

Your Directors recommend to the Members of the Company, the appointment of Batliboi & Purohit, Chartered Accountants, as Statutory Auditors of the Company to hold office for a term of 5 consecutive years i.e., from the conclusion of the 23rd Annual General Meeting of the Company till the conclusion of the 28th Annual General Meeting of the Company.

The Company has received the written consent from the Statutory Auditors for the appointment and also certificate confirming the fulfilment of the conditions for the appointment as mentioned in Rule 3 of the Companies (Audit and Auditors) Rules, 2014 and amendment made thereof and satisfying the criteria as provided under Section 141 of the Act and confirmed that they are not disqualified from being appointed as Statutory Auditors of the Company.

## Fraud Reported by Auditors

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit and Compliance Committee of the Board and Board of Directors under Section 143 of the Act, details of which need to be mentioned in this report.

## Internal Auditor

The Company has devised a proper system of internal financial control which is commensurate with the size and nature of the Business. The Board has appointed KPMG as an Internal Auditor of the Company for the 1st half year ended as on 30-Sep-2020 and Protiviti India Member Private Limited (Protiviti) for the 2nd half year ended as on 31-Mar-2021 pursuant to the provisions of Section 138 of the Act in order to ensure proper internal financial control. The Internal Auditor monitors and evaluates internal audit function, corrective action in their respective areas and thereby strengthens the controls and reports the same on half yearly basis to the Audit and Compliance Committee of the Board.

## Maintenance of Cost Records

The Company being Non-Banking Finance Company, maintenance of cost records as prescribed under Section 148 of the Act is not applicable.

## Secretarial Audit Report

According to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Parikh & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ended 31-Mar-2021. The Secretarial Audit Report is annexed and forming part of this report as an **Annexure-F**.

## Material changes and commitment if any affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of the report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates on the date of this report other than the Covid pandemic that has impacted the whole industry.

## Whistle Blower Policy and Vigil Mechanism

The Company has a Vigil Mechanism in place to deal with instances of fraud and mismanagement if any. The mechanism also provides for adequate safeguards against victimization of Directors and Employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit and Compliance Committee of the Board in exceptional cases. The Company also provides direct access to the Chairman of the Audit and Compliance Committee on reporting issues concerning the interests of employees and the Company.

We affirm that during the financial year 2020-21, no Employees or Directors were denied access to the Audit and Compliance Committee. The Whistle Blower Policy and Vigil Mechanism is available on the Company's website at www.ashvfinance.com.

## Fair Practice Code

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on the terms and conditions relating to the receipt of loan applications from prospective borrowers and processing thereof, sanction, monitoring and recovery of loans and other financial products being offered by it etc., FPC is available on the Company's website at https://www.ashvfinance.com/investor-relations/.

## Know Your Customer (KYC) Guidelines and Anti-Money Laundering (AML) Policy

In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the RBI including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder and as amended from time to time, the Board of Directors has adopted KYC & AML Policy with an objective to prevent NBFCs being used, intentionally or unintentionally by criminal elements for money laundering activities by way of making reasonable efforts to determine the identity and beneficial ownership of accounts, source of funds, the nature of customer's business, the reasonableness of operations in the account in relation to the customer's business, etc. which in turn helps the Company to manage its risk prudently. The KYC & AML Policy is available on the Company's website at https://www.ashvfinance.com/investor-relations/.

## Compliance with Secretarial Standards

The Board of Directors of the Company have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretary of India and that such systems are adequate and operating effectively.

## Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016 (IBC)

During the year under review, no applications were filed against the Company by any financial or operational creditors. Further during the year, the Company has also participated as a financial creditor by filing Form C- Proof of Claim against its one financial debtor and the same is at the stage of Corporate Insolvency Resolution Process.

## Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the Going Concern status and Company's Operations in the future

During the year under review, there were no significant or material orders passed by any regulator or court or tribunal, which impacts the going concern status of the Company.

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

The information as required under Section 134 of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding the conversation of energy, technology absorption is not applicable as the Company is not carrying on any manufacturing activity during the year.

The particulars regarding foreign exchange earnings and outgo during the year under review are as under:

| Particulars | (In ₹) | |
|---|---|---|
| | 2020-21 | 2019-20 |
| Total Expenditure in Foreign Currency | 9,30,890.47 | 9,53,947.95 |
| Total Earnings in Foreign Currency | 0 | 5,22,788.68 |

## Particulars of Loans, Guarantees or Investments

According to Section 186(11)(a) of the Act read with the Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 and any amendment thereto from time to time, the loans made, guarantee given or security provided in the ordinary course of business by an NBFC registered with RBI are exempt from the applicability of provisions of Section 186 of the Act. Hence, particulars of the loans and guarantees have not to be disclosed in this report. The details of the loan made and particulars of current investments and non-current investments are furnished under Notes to Accounts of financial statements.

## Particulars of Contracts or Arrangements made with Related Parties

During the year under review, all related party contracts/arrangements/transactions were placed before the Audit and Compliance Committee of the Board for its approval and statement of all related party transactions carried out was placed before the Audit and Compliance Committee and the Board of Directors on periodic basis. The Company has entered into certain transactions/contracts with the related parties falling within the provisions of Section 188 of the Act and rules made thereunder. The Company also has obtained Omnibus approval for the same, accordingly, the particulars of material Contracts or Arrangements made with related parties pursuant to Section 188 of the Act, in Form AOC-2 as prescribed under Companies (Accounts) Rules, 2014 relating to Accounts of Companies under the Act as on 31-Mar-2021, is annexed as an **Annexure-G** with this report.

The details of the related party transactions are disclosed in the notes on accounts, forming part of Financial Statements. The shareholders may kindly refer to the same.

The policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the website of the Company. The same is available on the company’s website at https://www.ashvfinance.com/investor-relations/.

## Extract of Annual Return

According to the provisions of Section 134(3)(a) and Section 92(3) of the Act, the Annual Return of the Company in the prescribed Form MGT-7 is available on the Company’s website at https://www.ashvfinance.com/investor-relations/.

## Subsidiaries, Joint Ventures and Associate Companies

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

## Public Deposits

Your Company is a non-deposit taking Company (NBFC-ND-SI). During the year under review, the Company has not accepted any deposits within the meaning of Section 73 and 76 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. The Company has passed a resolution for the non-acceptance of deposits from the public. Hence, the requirement for furnishing the details relating to deposits covered under Chapter V of the Act or the details of deposits that are not in compliance with Chapter V of the Act is not applicable.

## Internal Control Systems

The Company has an internal control system that is commensurate with the size, scale and complexity of its operations. The Internal Auditor monitors the efficiency of the internal control systems in the Company, compliance with operating systems/accounting procedures and policies of the Company. Significant audit observations and corrective actions thereon are presented to the Audit and Compliance Committee of the Board.

## Management Discussion and Analysis Report

The detailed report on Management Discussion and Analysis is hereby annexed as an **Annexure-H** with this report.

## Reporting Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act 2013

Your Company recognizes its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination and to boost their confidence, morale and performance. The Company has constituted an Internal Complaint Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment from all offices of the Company. The Company has also adopted the Policy on Anti-Sexual Harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this policy. To build awareness in this area, the Company is continuously providing training to employees of the Company and has placed extract of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 at the entrance of all offices of the Company along with contact details of the Members of Internal Complaints Committee.

During the financial year 2020-21, the Company has not received any complaints on sexual harassment. Detailed summary on a report on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as below:

| Sl. No | Particulars | Response |
|---|---|---|
| 1. | Number of complaints of sexual harassment received in the year | NIL |
| 2. | Number of complaints of sexual harassment disposed off during the year | NA |
| 3. | Number of cases pending before the Internal Complaints Committee for more than 90 days | NIL |
| 4. | Number of workshops/ awareness programmes with respect to prohibition of sexual harassment conducted during the year | 1. One Session for Internal Complaints Committee Members.<br>2. One Training conducted for all employees of the Company. |
| 5. | Nature of action taken by the Company in the cases of sexual harassment | NA |

## Credit Rating

Your Company's financial discipline and prudence is reflected in the strong credit rating ascribed by Credit Rating Agencies as under:

| Instrument | Rating Agency | Rating | Amount (₹ In Crs.) |
|---|---|---|---|
| Non-Convertible Debenture | CARE | CARE BBB-; Positive (Triple B Minus; Outlook: Positive) | 80 |
| Proposed Long Term Bank Facilities | CARE | CARE BBB-; Positive (Triple B Minus; Outlook: Positive) | 20 |
| Bank Loans | India Ratings | IND BBB/Stable | 50 |

## Capital Adequacy Ratio

Your Company is well capitalized and has a capital adequacy ratio of 41% as of 31-Mar-2021 as against the minimum regulatory requirement of 15.00 % for non-deposit accepting NBFCs.

## Listing of Securities

Non-convertible Debentures of the Company are listed on BSE Limited and your Company has paid required listing fees to BSE Limited.

## RBI Guidelines

During the year under review, the name of the Company has been changed from Jain Sons Finlease Limited to Ashv Finance Limited and a revised Certificate of Registration was issued to the Company vide registration no. B-13.02376 by RBI, Mumbai. Your Company has complied with and continues to comply with all applicable regulations and directions issued by RBI from time to time.

## Acknowledgements

Your Board of Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities including RBI for the continued support extended to your Company during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence in the Company, its team, and customers.

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

**Place:** Mumbai
**Date:** 22-Jun-2021

**Vineet Chandra Rai**
Chairman
(DIN: 00606290)

**Nikesh Kumar Sinha**
Managing Director
(DIN: 08268336)

Director's Report (Cont'd.)

# ANNEXURE-A

## Details on Employee Stock Option Plan (ESOP)

Presently IntelleGrow Employee Stock Option, 2018 (IntelleGrow ESOP 2018) is in force. The Nomination and Remuneration Committee of the Board of the Company administer and monitor the Employee Stock Option Scheme of the Company in accordance with applicable law.

The details of the Employee Stock Option Scheme as per Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:

| | Particulars | | 31-Mar-2021 |
|---|---|---|---|
| a. | Options granted | | |
| | - Outstanding at the beginning | | 3,42,666 |
| | - Granted during the year | | 2,95,000 |
| b. | Total Options granted | | 6,37,666 |
| c. | Options vested | | 2,00,333 |
| d. | Options exercised* | | 8,334 |
| e. | Total number of shares arising as a result of exercise of options* | | 8,334 |
| f. | Options lapsed | | 25,000 |
| g. | Exercise price | | ₹10/- & ₹87.18/- |
| h. | Variation in terms of options, if any | | Nil |
| i. | Money realised by exercise of options | | 0 |
| j. | Total number of options in force | | 6,12,666 |
| k. | Employee wise details of options granted to | | |
| | a. | Key Managerial Personnel | 1,85,000 |
| | b. | Any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during that year | Name of Employee: Ranjan Lahiri; Options Granted: 45,000 |
| | c. | Identified employees who were granted options, 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 | Nil |

| Name of Employee | Options Granted |
|---|---|
| Ranjan Lahiri | 45,000 |

* d. & e. done in FY20.

Director's Report (Cont'd.)

# ANNEXURE-B

## Disclosure on Managerial Remuneration and Other Details

Remuneration details under rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended for the financial year ended 31-Mar-2021:

| Name of Director/Key Managerial Personnel | Ratio of remuneration of director to median remuneration of employees | % Increase in remuneration in the financial year |
|---|---|---|
| (a) Non-Executive Directors | | |
| Mr. Vineet Chandra Rai – Chairman | - | - |
| Mr. Rakesh Rewari – Independent Director | - | - |
| Ms. Matangi Gowrishankar – Independent Director | - | - |
| Ms. Anuradha Ramachandran – Nominee Director | - | - |
| Mr. Aleem Remtula – Nominee Director* | - | - |
| Ms. Suma Swaminathan – Nominee Director** | | |
| Mr. Sarunas Kubilickas – Nominee Director*** | - | - |
| Mr. Anurag Agrawal – Director | - | - |
| (b) Executive Director | | |
| Mr. Nikesh Kumar Sinha – Managing Director | 34 | Nil |
| (c) Key Managerial Personnel | | |
| Ms. Kiran Agarwal Todi – Chief Financial Officer | | Nil |
| Ms. Monika Thadeshwar (Variava) – Company Secretary | | 20% |
| (d) The percentage increase in the median remuneration of employees in the financial year other than Managing Director | | **** |
| (e) Number of permanent employees on the rolls of the Company as on 31-Mar-2021 | | 337 |

* Ceased to be Director w.e.f. 12-May-2020

** appointed as Director w.e.f. 12-May-2020

*** Ceased to be director w.e.f. 01-Nov-2020

**(f) Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

****No increments in salaries of employees were made during the financial year under review considering uncertainty on impact of Covid-19, except market linked corrections in salaries of few employees, which in percentile was very insignificant. Average percentile increase in the managerial remuneration was Nil.

**(g) Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

# ANNEXURE-C

## Nomination and Remuneration Policy

### Introduction

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP)and Employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013, this policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

### Composition of Committee

1. The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.
2. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair the Committee.

### Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Guidelines of Reserve Bank of India. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

The Key Objectives of the Committee would be:

1.1 To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.

1.1 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees.

1.2 Formulation of criteria for evaluation of Independent Director and the Board.

1.3 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.4 To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.

1.5 To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.6 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.7 To develop a succession plan for the Board and to regularly review the plan.

1.8 To assist the Board in fulfilling responsibilities.

1.9 To Implement and monitor policies and processes regarding principles of corporate governance.

## Applicability

(a) Directors (Executive and Non-Executive)

(a) KMP

(b) Senior Management Personnel

## Definitions

**"Act"** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

**"Board"** means Board of Directors of the Company.

**"Directors"** mean Directors of the Company.

**"Key Managerial Personnel"** means

i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;

ii. Chief Financial Officer;

iii. Company Secretary; and

iv. such other officer as may be prescribed.

**"Senior Management"** means Senior Management means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

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

## Policy for Appointment and Removal of Director, KMP and Senior Management

### (1) Appointment Criteria and Qualifications

(a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

(b) The Committee shall undertake a process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.

(c) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

(d) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

(e) The Company shall appoint Independent/Non-Executive Directors nominated to the Board should be between 35 to 70 years of age.

(f) The Company shall obtain necessary information and declaration from the proposed/existing directors as per the format provided under the Companies Act, 2013 and Guidelines issued by Reserve Bank of India from time to time.

(g) The Company shall obtain annually as on 31$^{st}$ March a simple declaration from the Directors the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.

(h) The Company shall ensure in public interest that the nominated/elected directors execute the deeds of covenants in the Format provided under the Guidelines issued by Reserve Bank of India from time to time.

### (2) Term / Tenure

#### (a) Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### (b) Independent Director

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### (3) Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### (4) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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 and regulations.

### (5) Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## Policy for Remuneration to Directors/KMP/Senior Management Personnel

(1) Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

(2) Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## Duties in Relation to Nomination Matters

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board;
- Scrutinize the declarations received from directors and based on the information provided in the signed declaration, the Committee shall decide on the acceptance or otherwise of the Directors, where considered necessary;
- Considering any other matters, as may be requested by the Board.

## Duties In Relation To Remuneration Matters

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

## Review and Amendment

i. The NRC or the Board may review the Policy as and when it deems necessary.

ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

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

# ANNEXURE-D

## Corporate Governance Report

### Company's Philosophy on Corporate Governance

Ashv is committed to the adoption of best practices of Corporate Governance and its adherence in true spirit, at all times. The Company's governance practices are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process. The Corporate Governance framework of the Company is based on an effective and independent Board, separation of the Board's supervisory role from the Executive Management team and constitution of the Board Committees, as required under applicable laws. The Board functions either as a full Board or through various Committees constituted to oversee specific functions.

The Executive Management provides the Board detailed reports on the Company's performance on monthly basis. During the year under review, your Company has adopted a Board approved Corporate Governance Policy. The details of compliance with Corporate Governance requirements during the financial year ended 31-Mar-2021 ("financial year under review") are as follows:

### 1. Board of Directors

The Board of your Company comprises of combination of Executive, Non-Executive, Nominee and Independent Directors. The Board is at the core of our corporate governance practice and oversees and ensures that the Management serves and protects the long term and short-term interest of all our stakeholders. The Board has formulated various committees for handling specific responsibilities under the applicable laws i.e., Audit and Compliance Committee, Nomination and Remuneration Committee, Risk Committee, Asset Liability Management Committee, Corporate Governance & Executive Committee, Corporate Social Responsibility Committee, IT Strategy Committee, Product, Process, Credit Policy and Grievance Redressal Committee.

**Composition:** As of 31-Mar-2021, the Board of Directors of the Company ("the Board") comprises of 7 (Seven) Directors, which includes 2 (Two) Independent Directors, 4 (four) Non-Executive Directors and 1 (One) Managing Director. The Chairman of the Board is a Non-Executive Director. Out of 7 (Seven) Directors, 3 (Three) Directors on the Board are Women Directors.

1.a In terms of the provisions of the Companies Act, 2013 (Act), the Directors submit necessary disclosures regarding the positions held by them on the Board of other public and/or private Companies, from time to time. All Independent Directors on the Board are Non-Executive Directors. The maximum tenure of the Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Section

149(6) of the Act. As per the declarations received, none of the Directors serve as an Independent Director in more than seven listed Companies. The brief profile of the present Directors on the Board is available on the Company's website at https://www.ashvfinance.com/about-us/.

The details of the Directors of the Company with regard to outside Directorship held as of 31-Mar-2021 are as follow:

| Name of the Director | DIN | Category | No. of Outside Directorship(s) held |
|---|---|---|---|
| Mr. Vineet Chandra Rai | 00606290 | Non-Executive | 9 |
| Mr. Rakesh Rewari | 00286853 | Independent | 4 |
| Ms. Matangi Gowrishankar | 01518137 | Independent Director | 8 |
| Ms. Anuradha Ramachandran | 01983108 | Non-Executive Nominee | 5 |
| Ms. Suma Swaminathan | 08735282 | Non-Executive Nominee | 0 |
| Mr. Anurag Agrawal | 02385780 | Non-Executive | 6 |
| Mr. Nikesh Kumar Sinha | 08268336 | Executive | 0 |

1.b **Non-Executive Directors Compensation and Disclosures:** Sitting fees paid to Independent Directors and Non-Executive Directors for attending Meetings of the Board / Committees has been approved by the Board. No sitting fees were paid to Non-Executive Nominee Directors of the Company during the financial year under review. No commission was recommended/ paid to any of Directors during the financial year under review. Details of the Sitting fees paid to Independent Directors and Non-Executive Directors are given separately in this Report.

1.c **Board's Functioning and Procedure:** The Company's Board plays a pivotal role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibilities and accountabilities are well defined. All relevant information is regularly placed before the Board. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions.

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional Meetings are held to address specific needs and business requirements of the Company.

8 (Eight) Board Meetings were held during the financial year under review. The gap between any two Meetings was not more than 120 (One Hundred Twenty) days. The details of the Board

Meetings held during the financial year under review, dates on which held and number of Directors present are as follows:

| Date of Board Meeting | Board Strength | No. of Directors Present |
|---|---|---|
| 12-May-2020 | 8 | 8 |
| 29-Jun-2020 | 8 | 8 |
| 22-Jul-2020 | 8 | 8 |
| 28-Aug-2020 | 8 | 8 |
| 05-Nov-2020 | 7 | 7 |
| 11-Dec-2020 | 7 | 4 |
| 08-Feb-2021 | 7 | 6 |
| 10-Mar-2021 | 7 | 7 |

The Directors on the Board are professionals, having expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The Board has an unfettered and complete access to any information within the Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the Meeting with the permission of the Chairperson. The Board periodically reviews all the relevant information, which is required to be placed before it and in particular reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure, etc. The Board provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholder's aspirations and societal expectations.

The details of attendance of each Director at the Board Meetings held during the financial year under review and at the previous Annual General Meeting ("AGM") of the Members of the Company held on 22-May-2020, through video conferencing are as follows:

| Name of the Director | No. of Board Meetings held during the tenure | Attended Board Meetings | Attended Last AGM | No. of Equity Shares held |
|---|---|---|---|---|
| Mr. Vineet Chandra Rai | 8 | 6 | No | Nil |
| Mr. Rakesh Rewari | 8 | 8 | No | Nil |
| Ms. Matangi Gowrishankar | 8 | 8 | Yes | Nil |
| Ms. Anuradha Ramachandran | 8 | 7 | No | Nil |
| *Ms. Suma Swaminathan | 8 | 8 | Yes | Nil |
| **Mr. Sarunas Kubilickas | 8 | 4 | Yes | Nil |
| Mr. Anurag Agrawal | 8 | 7 | Yes | Nil |
| Mr. Nikesh Kumar Sinha | 8 | 8 | Yes | 3100 |

*Appointed w.e.f. 12-May-2020

**Resigned w.e.f. 01-Nov-2020

1.d **Code of Conduct:** The Company has adopted a Code of Conduct for the Board Members and Senior Management Personnel of the Company ("the Code"). The Code is applicable to all the Board Members and Senior Management of the Company. All the Board Members and Senior Management Personnel have confirmed compliance with the Code during the financial year under review.

1.e **Performance Evaluation of the Board:** A formal evaluation mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which include, among others, providing strategic perspective, Chairmanship of Board and Committees, attendance, time devoted and preparedness for the Meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the Meetings, effective decision-making ability, role and effectiveness of the Committees. The Directors completed questionnaires providing feedback on functioning of the Board, Committees and Chairman of the Board.

1.f **Separate Meeting of Independent Directors:** As stipulated by the Code of Independent Directors under the Companies Act, 2013 and Rules made thereunder as amended from time to time, one Meeting of Independent Directors was held during the year on 31-Mar-2021. The Meeting was conducted to enable Independent Directors, discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

In this Meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole. They have also reviewed the performance of the Chairman of the Company and assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees which is necessary for the Board to effectively and reasonably perform and discharge their duties.

## 2. Committee of the Board

During the year under review, in accordance with the Act, the Board had constituted/re-constituted below committees due to change in the directorships of the Company as mentioned below:

- With the resignation of Mr. Aleem Remtula, Nominee Director and appointment of Ms. Suma Swaminathan, Nominee Director of the Company w.e.f. 12-May-2020, the below committees were re-constituted:

1. Asset Liability Management Committee;
2. Nomination and Remuneration Committee;
3. Corporate Social Responsibility Committee; and
4. Product, Process, Credit Policy and Grievance Redressal Committee

- With the resignation of Sarunas Kubilickas, Nominee Director w.e.f. close of working hours of 31-Oct-2020 the Audit and Compliance Committee was re-constituted.

There are currently 8 (Eight) Committees of the Board, as mentioned herein below:

1. Audit and Compliance Committee;
2. Nomination and Remuneration Committee;
3. Risk Committee;
4. Corporate Governance and Executive Committee;
5. Product, Process, Credit Policy and Grievance Redressal Committee;
6. Asset Liability Management Committee;
7. Corporate Social Responsibility Committee;
8. IT Strategy Committee

The composition and number of meetings held during the year under review of the above said committees are as under:

Director's Report (Cont'd.)

| Sl. No. | Name of the Committees Meetings | Composition of Committees during the FY 2021 | Number of Meetings held during the FY 2021 | Date of Meetings held during the FY 2021 |
|---|---|---|---|---|
| 1. | Audit and Compliance Committee | Mr. Rakesh Rewari<br>Ms. Suma Swaminathan (w.e.f. 12-May-2020)<br>Mr. Sarunas Kubilickas (upto 31-Oct-2020)<br>Ms. Matangi Gowrishankar | 9 | 11-May-2020<br>29-Jun-2020<br>22-Jul-2020<br>28-Aug-2020<br>05-Nov-2020<br>11-Dec-2020<br>08-Feb-2021<br>09-Mar-2021 |
| 2. | Nomination and Remuneration Committee | Mr. Rakesh Rewari<br>Ms. Suma Swaminathan (w.e.f. 12-May-2020)<br>Mr. Aleem Remtula (upto 12-May-2020)<br>Mr. Anurag Agrawal<br>Ms. Matangi Gowrishankar | 4 | 12-May-2020<br>29-Jun-2020<br>28-Aug-2020<br>10-Mar-2021 |
| 3. | Asset Liability Management Committee | Ms. Anuradha Ramachandran<br>Mr. Aleem Remtula (upto 12-May-2020)<br>Mr. Sarunas Kubilickas (upto 31-Oct-2020)<br>Mr. Nikesh Kumar Sinha<br>Mr. Rakesh Rewari<br>Ms. Suma Swaminathan (w.e.f. 12-May-2020) | 4 | 11-May-2020<br>28-Aug-2020<br>05-Nov-2020<br>09-Mar-2021 |
| 4. | Risk Committee | Mr. Rakesh Rewari<br>Ms. Anuradha Ramachandran<br>Mr. Anurag Agrawal<br>Mr. Nikesh Kumar Sinha | 4 | 11-May-2020<br>29-Jun-2020<br>05-Nov-2020<br>09-Mar-2021 |
| 5. | Corporate Social Responsibility Committee | Ms. Anuradha Ramachandran<br>Mr. Sarunas Kubilickas (upto 31-Oct-2020)<br>Mr. Aleem Remtula (upto 12-May-2020)<br>Mr. Nikesh Kumar Sinha<br>Ms. Matangi Gowrishankar<br>Ms. Suma Swaminathan (w.e.f. 12-May-2020) | 1 | 12-May-2020 |
| 6. | IT Strategy Committee | Mr. Rakesh Rewari<br>Ms. Anuradha Ramachandran<br>Mr. Nikesh Kumar Sinha | 1 | 09-Mar-2021 |
| 7. | Product, Process, Credit Policy & Grievance Redressal Committee | Mr. Rakesh Rewari<br>Ms. Anuradha Ramachandra<br>Mr. Anurag Agrawal<br>Mr. Nikesh Kumar Sinha | 0 | - |
| 8 | Corporate Governance and Executive Committee | Mr. Vineet Chandra Rai<br>Mr. Anurag Agrawal<br>Mr. Nikesh Kumar Sinha | 4 | 24-Sep-2020<br>29-Dec-2020<br>10-Feb-2021<br>16-Mar-2021 |

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

### (1) Audit and Compliance Committee and its Composition

Audit and Compliance Committee's composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

As of 31-Mar-2021, Audit and Compliance Committee of the Board comprises of following members:

(a) Mr. Rakesh Rewari, Independent Director;
(b) Ms. Matangi Gowrishankar, Independent Director;
(c) Ms. Suma Swaminathan, Nominee Director

Mr. Rakesh Rewari is the Chairman of Audit and Compliance Committee of the Board of the Company. Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the Audit and Compliance Committee.

The Audit and Compliance Committee of the Board reviews the reports, which are to be submitted with the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control and financial reporting process. Further, all the recommendations made by the Audit and Compliance Committee of the Board have been taken up by the Board.

### (2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) is formed in compliance with the provisions of the Section 178 of the Companies Act, 2013 and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

As of 31-Mar-2021, Nomination and Remuneration Committee of the Board comprises of following members:

(a) Mr. Rakesh Rewari, Independent Director;
(b) Ms. Suma Swaminathan, Nominee Director;
(c) Mr. Anurag Agrawal, Director;
(d) Ms. Matangi Gowrishankar, Independent Director

Ms. Matangi Gowrishankar is the Chairman of Nomination and Remuneration Committee of the Board of the Company. Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the Nomination and Remuneration Committee.

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee includes an annual review of the Nomination & Remuneration Policy, recommend to the Board appointment & removal of the Directors, approve performance evaluation framework, formulate the criteria for determining qualifications, positive attributes and independence of a director, to review remuneration paid to the employees & directors is as per the Nomination & Remuneration Policy and consider giving stock options to the employees in the form of equity shares of the Company.

### (3) Asset Liability Management Committee

This Committee is constituted in compliance with the provisions of 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 Company has a Board approved Asset Liability Management Policy in place and required disclosures to the effect are made from time to time. The Asset Liability Management Committee shall monitor the asset liability gap and strategies action to mitigate the risks associated with the business of the Company.

As of 31-Mar-2021, Asset Liability Management Committee of the Board comprises of following members:

(a) Ms. Anuradha Ramachandran, Nominee Director;
(b) Mr. Nikesh Kumar Sinha, Managing Director;
(c) Mr. Rakesh Rewari, Independent Director
(d) Ms. Suma Swaminathan, Nominee Director

Members select among themselves as a Chairman of the Asset Liability Management Committee of the Board of the Company. Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the Asset Liability Management Committee.

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the Committee include review & management of liquidity gaps and structural liquidity of the Company, review & management of interest rate sensitivity of the Company and develop a view on future direction on interest rate movements & decide on funding mixes.

### (4) Risks Management and Areas of Concern

Risk Committee is constituted in compliance with the provisions of 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 which monitors the risk management strategy of the Company. In order to ensure best governance practices, the Company has established risk management process for each line of its business and operations. These processes have been implemented through the specific policies adopted by the Board of Directors of the Company from time to time. Nevertheless, entire processes are subjected to robust independent internal audit review to arrest any potential risks and take corrective actions.

As of 31-Mar-2021, the Risk Committee of the Board comprises of following members:

(a) Mr. Rakesh Rewari, Independent Director;
(b) Ms. Anuradha Ramachandran, Nominee Director;
(c) Mr. Anurag Agrawal, Director;
(d) Mr. Nikesh Kumar Sinha, Managing Director

Members select among themselves as a Chairman of the Risk Committee of the Board of the Company. Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the Risk Committee.

The Risk Committee shall ensure that the risks associated with the business/functioning of the Company are identified, controlled and mitigated and shall also lay down procedures regarding managing and mitigating the risks through integrated risk management systems, strategies and mechanisms.

### (5) Corporate Social Responsibility Committee

As per Section 135 of the Act, your Board has constituted a Corporate Social Responsibility (CSR) Committee of the Board to support the Company in achieving the CSR objectives of the Company.

As of 31-Mar-2021, the CSR Committee of the Board is made up of the following members:

(a) Ms. Matangi Gowrishankar, Independent Director;
(b) Ms. Anuradha Ramachandran, Nominee Director;
(c) Ms. Suma Swaminathan, Nominee Director;
(d) Mr. Nikesh Kumar Sinha, Managing Director

Members select among themselves as a Chairman of the Corporate Social Responsibility Committee of the Board of the Company. Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the Corporate Social Responsibility Committee.

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

### (6) Information Technology Strategy Committee

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

As of 31-Mar-2021, the IT Strategy Committee of the Board is made up of the following members:

(a) Mr. Rakesh Rewari, Independent Director
(b) Ms. Anuradha Ramachandran, Nominee Director, Chief Technology Officer
(c) Mr. Nikesh Kumar Sinha, Managing Director, Chief Information Officer

Mr. Rakesh Rewari is the Chairman of IT Strategy Committee of the Board of the Company.

Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the IT Strategy Committee.

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

During the year under review, Aneja Associates, Chartered Accountants have done Information System Audit in accordance with RBI Master Direction on Information Technology Framework for NBFCS and the same was placed before the Audit and Compliance Committee of the Board and the Board of Directors for their review and noting.

### (7) Product, Process, Credit Policy & Grievance Redressal Committee

This Committee was constituted with an objective of review from time to time the suite of products run by the company covering its fulfillment process within the regulatory compliance norms, customer service quality, viability and profitability within the objectives of the Company and approve new products and rolling out business in new geographies in which products can be rolled out, review and recommend credit policy framework in line with stipulated guidelines of the Board, customer service initiatives, overseeing the functioning of the customer service council and evolving innovative measures for enhancing the quality of customer service and improvement in the overall satisfaction level of customers etc.

As of 31-Mar-2021, the Committee of the Board is made up of the following members:

(a) Mr. Rakesh Rewari, Independent Director;
(b) Ms. Anuradha Ramachandra, Nominee Director;
(c) Mr. Anurag Agrawal, Director;
(d) Mr. Nikesh Kumar Sinha, Managing Director

Members select among themselves as a Chairman of the Committee of the Board of the Company. Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the said Committee.

### (8) Corporate Governance and Executive Committee

The Corporate Governance and Executive Committee serves as an administrative committee of the Board to facilitate approval of certain operational corporate actions that do not require consideration by the full Board.

As of 31-Mar-2021, the Corporate Governance and Executive Committee of the Board is made up of the following members:

(a) Mr. Vineet Chandra Rai, Chairman & Director;
(b) Mr. Nikesh Kumar Sinha, Managing Director;
(c) Mr. Anurag Agrawal, Director

Mr. Vineet Chandra Rai is Chairman of the Committee of the Board of the Company.

Ms. Monika Thadeshwar (Variava), Company Secretary of the Company, acts as Secretary of the said Committee.

In addition to the aforesaid committees, the Company has constituted the Credit Committee, Internal Recommendation Committee, Asset Liability Management Committee of the Management, Banking Operations Committee, Complaints Committee, Whistle Blower Committee within the powers of the Board of Directors and/or CXOs in accordance with the Shareholders Agreement for smooth operations of the functioning of the Company.

## 3. Vigil Mechanism/Whistle Blower Policy

The Company has a Vigil Mechanism to deal with instance of fraud and mismanagement, if any. The mechanism also provides for adequate safeguards against victimization of Directors and Employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit and Compliance Committee of the Board in the exceptional cases. The Company also provides direct access to the Chairman of the Audit and Compliance Committee on reporting issues concerning the interests of employees and the Company.

We affirm that during the financial year 2020-21, no Employee or Directors was denied access to the Audit and Compliance Committee. The Whistle Blower Policy and Vigil Mechanism is available on the Company's website at https://www.ashvfinance.com/investor-relations/.

## 4. General Meetings

During the year under review, 6 (Six) General Meetings and 2 (Two) NCLT convened Meetings were held to transact the following business as mentioned in the below table:

### Annual General Meeting

| Date | Time | Venue | Business Transacted |
|---|---|---|---|
| 22-May-2020 | 5:00 pm | Held through Video-Conferencing (VC)/other Audio-Visual Means (OAVM) | **Special Business:**<br>• Regularisation of appointment of Ms. Matangi Gowrishankar, Additional Director, Non-Executive & Independent as an Independent Director of the Company<br>• Regularisation of appointment of Ms. Suma Swaminathan, Additional Director, Nominee as a Nominee Director of the Company<br>• Approval to contribute to bona fide and charitable funds in terms of section 181 of the Companies Act, 2013<br>• Approval for entering into Debt Syndicate Agreement with Intellecap Advisory Services Private Limited<br>• Approval for granting of loan(s) to TribeTech Private Limited |

The Company has conducted the said meeting in compliance with applicable provisions, rules and regulations of the Companies Act, 2013 and in accordance with circular No. 20/2020 issued by the Ministry of Corporate Affairs on 05-May-2020.

## Extra-Ordinary General Meeting

| Date | Time | Venue | Business Transacted |
|---|---|---|---|
| 07-Jul-2020 | 5:00 pm | Held through Video-Conferencing (VC)/ other Audio-Visual Means (OAVM) | • Alteration of the Object Clause of the Memorandum of Association of the Company<br>• Alteration of the Liability Clause of the Memorandum of Association of the Company<br>• Appointment of Intellecap Advisory Services Private Limited as an Investment Banker of the Company |
| 04-Sep-2020 | 5:00 pm | Held through Video-Conferencing (VC)/ other Audio-Visual Means (OAVM) | • Change of name of the Company and subsequently amend the Memorandum and Article of Association of the Company<br>• Authorisation to the Board of Directors to mortgage, create charge on all or any of the assets of the Company under section 180(1) (a) of the Companies Act, 2013<br>• Increase in the Borrowing Limits under section 180(1) (c) of the Companies Act, 2013 |
| 18-Dec-2020 | 5:00 pm | Held through Video-Conferencing (VC)/ other Audio-Visual Means (OAVM) | • Approval for availment of loan upto ₹10 Crs. from Aavishkaar Venture Management Services Private Limited<br>• Approval for entering into a Sourcing and Servicing Agreement with Arohan Financial Services Limited |
| 09-Feb-2021 | 5:00 pm | Held through Video-Conferencing (VC)/ other Audio-Visual Means (OAVM) | • Approval for acquisition of the undertaking comprising the MSME business of Arohan Financial Services Limited |
| 18-Mar-2021 | 5:00 pm | Held through Video-Conferencing (VC)/ other Audio-Visual Means (OAVM) | • Approval for granting of Top up loan to TribeTech Private Limited |

The Company has conducted the said meetings in compliance with applicable provisions, rules and regulations of the Companies Act, 2013 and in accordance to circulars issued by Ministry of Corporate Affairs on time to time.

### National Company Law Tribunal (NCLT) Convened Meetings

| Date | Type of Meeting | Time | Venue | Business Transacted |
|---|---|---|---|---|
| 19-Mar-2021 | Shareholders Meeting | 12:30 pm | 12B, 3rd Floor, Techniplex-II, IT Park, off. Veer Savarkar Flyover, Goregaon (West) Mumbai-400062, Maharashtra | • Approval of Scheme of Arrangement (the "Scheme") between TribeTech Private Limited (the "Transferor Company") and Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited) the ("Transferee Company") and their respective shareholders under Section 230 to 232 of the Companies Act, 2013 (the Act) and other applicable provision of the Act and rules framed thereunder. |
| 19-Mar-2021 | Secured Creditors Meeting | 4:00 pm | 12B, 3rd Floor, Techniplex-II, IT Park, off. Veer Savarkar Flyover, Goregaon (West) Mumbai-400062, Maharashtra | • Approval of Scheme of Arrangement (the "Scheme") between TribeTech Private Limited (the "Transferor Company") and Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited) the ("Transferee Company") and their respective shareholders under Section 230 to 232 of the Companies Act, 2013 (the Act) and other applicable provision of the Act and rules framed thereunder. |

The Company has conducted the said meetings in compliance with applicable provisions, rules and regulations of the Companies Act, 2013 and in accordance with NCLT order dated 01-Feb-2021 in this regard.

## 5. Other Disclosures

### 5.a Related Party Transactions

During the financial year, the Company had entered into related party transactions which were on an arm's length basis and in the ordinary course of business. All related party transactions have been approved by the Audit and Compliance Committee of the Company.

The details of the related party transactions are disclosed in the notes on accounts, forming part of Financial Statements. The shareholders may kindly refer to the same.

The policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the website of the Company. The same is available on the company's website at https://www.ashvfinance.com/investor-relations/.

### 5.b Performance Evaluation criteria for Independent Directors

The Directors other than Independent Directors of the Company evaluate the performance of Independent Directors on following criteria as to how an Independent Director:

1. Invests time in understanding the Company and its unique requirements;
2. Brings in external knowledge and perspective to the table for discussions at the Meetings;
3. Expresses his/ her views on the issues discussed at the Board; and
4. Keeps himself/ herself current on areas and issues that are likely to be discussed at the Board level

### 5.c Investor Grievance

Ms. Monika Thadeshwar, Company Secretary of the Company is the Compliance Officer for the purpose of the SEBI Listing Regulations and also acting as Grievance Redressal Officer of the Company.

In case of any query, stakeholders can send email on monika.thadeshwar@ashvfinance.com

As of 31-Mar-2021, there were no investor complaints pending.

### 5.d General Shareholders Information

**Company Registration details:**
The Company is based in Mumbai and operates in 24 geographies at present.
CIN: U65910MH1998PLC333546
RBI Regn. No.: B-13.02376

## 6. Website Disclosures

All important information relating to the Company and its performance, including financial results, are posted on the website of the Company https://www.ashvfinance.com

The half yearly financial results of the company are published in the leading newspapers viz. Business Standards and Global Times-Marathi.

Director's Report (Cont'd.)

# ANNEXURE-E

## The Report on Corporate Social Responsibility (CSR) Activities

### 1. Brief outline on CSR Policy of the Company

The CSR Policy of the Company is guiding document to suitably allocate, manage and supervise prescribed CSR funds of the Company. It includes CSR activities towards social and economic development of the Company, Budget, Project identification, monitoring, review etc. The CSR Policy of the Company is line with Section 135 of the Companies Act, 2013, CSR Rules and Schedule VII of the Companies Act, 2013.

### 2. Composition of CSR Committee as on 31-Mar-2021

The CSR Committee of the Board is responsible for overseeing the execution of the Company's CSR Policy. The CSR Committee comprises of one Independent Director, two Nominee Directors and Managing Director as on 31-Mar-2021.

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Ms. Matangi Gowrishankar | Independent Director | 1 | 1 |
| 2 | Ms. Anuradha Ramachandran | Nominee Director | 1 | 1 |
| 3 | Ms. Suma Swaminathan | Nominee Director | 1 | NA |
| 4 | Mr. Nikesh Kumar Sinha | Managing Director | 1 | 1 |

*Appointed w.e.f. 12-May-2020

### 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

Composition of CSR Committee and CSR Policy is uploaded on the link here https://www.ashvfinance.com/investor-relations/

Since, the average net profit for immediate previous financial year is below the threshold limit, as specified in section 135 of the Act, your Company was not required to spend any amount towards CSR during the financial year under review. Thus, No CSR projects recommended by the CSR Committee of the Board and the Board of Directors of the Company.

## 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)

Not Applicable

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any

Not Applicable

## 6. Average net profit of the Company as per section 135(5) (2017-18, 2018-19 and 2019-20)

(₹5,40,08,436/-)

## 7. Computation of CSR Obligation

(a) Two percent of average net profit of the Company as per section 135(5): Nil

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c).: Nil

## 8.a CSR amount spent or unspent for the financial year: Not Applicable

| | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| **Total Amount Spent for the Financial Year. (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 |
| Not Applicable | | | | | |

## 8.b Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation - Direct (Yes/ No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| Total | | | | | | | Not Applicable | | | | | |

## 8.c Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in ₹). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name. | CSR registration number. |
| Total | | | | | | Not Applicable | | | |

(e) Amount spent in Administrative Overheads: Nil

(f) Amount spent on Impact Assessment, if applicable: Nil

(g) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(h) Excess amount for set off, if any: Nil

| Sl. No. | Particular | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the Company as per section 135(5) | - |
| (ii) | Total amount spent for the Financial Year | - |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | - |

## 9.a 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 ₹) | Amount spent in the reporting Financial Year (in ₹) | 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 ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| Total | | | | Not Applicable | | | |

## 9.b Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

| (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 ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project – Completed / Ongoing. |
| Total | | | | | Not Applicable | | | |

## 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable (Asset-wise details)

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

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

## 11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

**Nikesh Kumar Sinha**
(Managing Director)
DIN: 08268336

**Matangi Gowrishankar**
(Chairperson of CSR Committee)
DIN: 01518137

# ANNEXURE-F
## Secretarial Audit Report

PARIKH & ASSOCIATES
COMPANY SECRETARIES

**Office**
111, 11th Floor, Sai-Dwar CHS Ltd
Sab TV Lane, Opp Laxmi Industrial Estate,
Off Link Road, Above Shabari Restaurant,
Andheri (W), Mumbai : 400053
Tel No 26301232 / 26301233 / 26301240
Email : cs@parikhassociates.com
parikh.associates@rediffmail.com

**FORM No. MR-3**

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[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,**
**Ashv Finance Limited (formerly Jain Sons Finlease Limited)**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2021, generally 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:

**Secretarial Audit Report (Cont'd.)**

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2021 according to the applicable provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a.) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)
   (b.) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)
   (c.) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
   (d.) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
   (e.) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
   (f.) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
   (g.) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
   (h.) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

vi. Other laws applicable specifically to the Company namely:-

   (a.) Prevention of Money Laundering Act, 2002;
   (b.) Credit Information Companies (Regulations) Act, 2005; and
   (c.) Reserve Bank of India Act, 1934 and the directions issued by Reserve Bank of India thereunder and as applicable to Non-Banking Financial Companies in so far as submission of various returns/ information or other particulars to be filed with the Reserve Bank of India.

Secretarial Audit Report (Cont'd.)

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
ii. The Listing Agreements entered into by the Company with the BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

The Board of Directors of the Company is constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

Decisions at the Board Meetings were taken unanimously.

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 etc.

We further report that during the audit period following events have occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. Alteration of Object Clause and Liability Clause of the Memorandum of Association of the Company;
2. Change of Name of the Company and alteration of the Memorandum and Articles of Association of the Company;
3. Approval of Borrowing limits under section 180(1)(c) of the Companies Act, 2013 and approval to mortgage, create charge on all or any of the assets of the Company under section 180(1)(a) of the Companies Act, 2013;
4. Approval for Purchase and acquisition of the undertaking comprising of the MSME business of Arohan Financial Services Limited on slump sale basis;
5. The Company has entered into the Scheme of Arrangement between the Company and the TribeTech

Private Limited and their respective shareholders;

6. Issuance of 2,000 Secured, Rated, Redeemable, Taxable, Non-Convertible Debentures of face value of ₹1,00,000/- each on private placement basis to A.K. Capital Finance Limited.
7. Issuance of 320 Secured, Unlisted, Redeemable, Transferable, Taxable, INR denominated Non-Convertible Debentures of face value of ₹10,00,000/- each on private placement basis to DWM Income Funds S.C.A. SICAV SIF – The Trill Impact- DWM SDGS Credit Fund.

**For Parikh & Associates**
Company Secretaries

**Place:** Mumbai
**Date:** May 25, 2021

Signature:
**Sarvari Shah**
Partner
FCS No: 9697 CP No: 11717
UDIN: F009697C000366781

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

'Annexure A'

**To,**
**The Members**
**Ashv Finance Limited (formerly Jain Sons Finlease Limited)**

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

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

**For Parikh & Associates**
Company Secretaries

**Place:** Mumbai
**Date:** May 25, 2021

Signature:
**Sarvari Shah**
Partner
FCS No: 9697 CP No: 11717
UDIN: F009697C000366781

# ANNEXURE-G

## AOC-2

**Related Party Transaction Disclosure as per Section 188 of the Companies Act 2013**
**FORM AOC - 2**
*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

2. Details of contracts or arrangements or transactions at arm's length basis: The following contracts or arrangements or transactions are at arm's length basis:

| Name of the Related Party | Nature of Relationship | Nature of Contracts | Duration of the Contracts | Salient Terms | Date of Board approval | Date of Special Resolution |
|---|---|---|---|---|---|---|
| Intellecap Advisory Services Private Limited | Common Directors | Capital Advisory Contract | 18 months from the date of Contract | Transaction done for appointment of Related Party as an Investment Banker of the Company. | 29-Jun-2020 | 7-Jul-2020 |
| Arohan Financial Services Limited | Common Directors | Sourcing and Servicing Agreement | Shall be valid for a period of 1 year from the date of execution. | Transaction done for availment of the services for sourcing, credit reference checks, servicing, collections for products as approved by the Company on time-to-time basis. Value of such transaction is mentioned in the notes forming part of the financial statements. | 11-Dec-2020 | 18-Dec-2020 |

| Name of the Related Party | Nature of Relationship | Nature of Contracts | Duration of the Contracts | Salient Terms | Date of Board approval | Date of Special Resolution |
|---|---|---|---|---|---|---|
| Arohan Financial Services Limited | Common Directors | Business Transfer Agreement | As mentioned in the Agreement. | Transaction was done to acquire MSME business Portfolio along with shortlisted employees from MSME business pool w.e.f. 1st Jan 2021. Value of such transaction is mentioned in the notes forming part of the financial statements. | 08-Feb-2021 | 09-Feb-2021 |

Note: No advance is payable or paid in respect of any of the above transactions.

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

**Place:** Mumbai
**Date:** 22-Jun-2021

**Vineet Chandra Rai**
Chairman
(DIN: 00606290)

**Nikesh Kumar Sinha**
Managing Director
(DIN: 08268336)

# Independent Auditor's Report

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Ashv Finance Limited (formerly known as 'Jain Sons Finlease Limited')**
**Report on the Audit of the Financial Statements**

## Opinion

1. We have audited the accompanying financial statements of Ashv Finance Limited (formerly known as Jain Sons Finlease Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

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

## Emphasis of Matter

4. We draw attention to Note 51 to the accompanying financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic outbreak on the Company's operations, the extent of which is significantly dependent on future developments, as they evolve. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **1. Computation of impairment losses on loan assets and implementation of COVID relief measures** (Refer Note 3(j) of significant accounting policies and Note 37 for related financial disclosures) | |
| As at 31 March 2021, the Company has reported total gross loan assets of ₹50,428.45 lakhs against which an impairment loss of ₹2,352.13 lakhs has been recorded.<br><br>The calculation of impairment losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows:<br><br>• If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days.<br><br>• If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days<br><br>• If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days. | Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:<br><br>• Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios.<br><br>• Assessed and tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals.<br><br>• Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to:<br>• determining the criteria for a significant increase in credit risk<br>• factoring in forward-looking information (including macroeconomic factors on a portfolio level).<br>• techniques used to determine probability of default, loss given default and exposure at default.<br>These parameters are derived from the Company's internally developed statistical models, historical data and macro-economic factors.<br>**COVID 19 related relied measures**<br>During the current year, the Company has also implemented the "COVID 19 Regulatory Package-Asset Classification and Provisioning" announced by the Reserve Bank of India ('the RBI') on 27 March 2020, 17 April 2020 and 23 May 2020 ("collectively referred to as COVID 19 regulatory package") and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') issued by the RBI on 6 August 2020, which have been collectively considered by the management.<br>Considering the significance of the above matter to the financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19 and the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.<br>We also draw attention to Note 51 to the accompanying financial statements, which describes the uncertainties relating to the effects of COVID-19 pandemic outbreak and its consequential impact on the appropriateness of the impairment provision recognized towards the loan asset outstanding as at 31 March 2021. | • With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and evaluated the underlying assumptions used by the Company for such estimate by considering our understanding of the risk profiles of the customers of the Company.<br>• With respect to the Resolution Framework, ensured that the board approved policy was in accordance with the RBI requirements. On a test check basis, we ensured that the restructuring was approved and implemented, and provisions made on such restructured loans in accordance with the board approved policy and the Resolution Framework.<br>• Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the accounting standard considering the impact of COVID-19 and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages.<br>• Performed an assessment of critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD).<br>• For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information.<br>• Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically.<br>• Assessed the appropriateness and adequacy of the related presentation and disclosures of note 37 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **2. Information Technology system for financial reporting** | |
| During the year ended 31 March 2021, the Company has implemented and started using a loan origination system ('LOS') and loan management system('LMS') for processing and recording loan transactions and accordingly migrated data and information pertaining to loan account balances earlier maintained in excel spreadsheets to such Information Technology("IT") enabled systems.<br><br>Upon aforesaid implementation, the Company's accounting and financial reporting processes are significantly dependent on automated controls enabled in such IT systems which impact key accounting and financial reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness, and validity of data that is processed by the applications and is ultimately used for financial reporting.<br><br>Such significant system implementation increases the risk to the internal financial controls environment of the Company. These changes trigger a financial reporting risk while implementation takes place as controls and processes that have been established over a number of years are updated and migrated into a new environment. Hence, considering the significance of the activity and the volume of the loan portfolio, we have determined this to be a key audit matter for current year audit. | Our audit procedures with the involvement of our IT specialists included, but were not limited to, the following:<br><br>• Obtained an understanding of the implementation process followed by the management with respect to the new IT Systems implemented during the year.<br><br>• Evaluated the controls established by the management for such system implementation to ensure the implementation activity has been completed appropriately.<br><br>• Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit.<br><br>• Evaluated management processes for modifications to the IT environment post implementation of the system including monitoring and authorization of such modifications. Tested changes made to the IT system that involved significant impact on financial reporting.<br><br>• Tested design and operating effectiveness of the Company's IT controls over the IT applications as identified above.<br><br>• Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy;<br><br>• Tested IT general controls particularly, logical access, change management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization.<br><br>• Where deficiencies were identified, tested compensating controls, or performed alternative substantive procedures.<br><br>• Verified, on test basis, that the balances, loan IDs and other permanent data have been appropriately migrated to the IT systems to ensure the accuracy and completeness of the system implementation activity. |

## Information other than the Financial Statements and Auditor's Report thereon

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

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

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

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

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

8. The accompanying financial statements have been approved by the Company's Board of Directors. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. 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.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

13. 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.

14. 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.

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

## Report on Other Legal and Regulatory Requirements

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

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

18. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

    c) the financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 22 June 2021 as per **Annexure B** expressed unmodified opinion; and

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

i. The Company does not have any pending litigation which would impact its financial position as at 31 March 2021;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117
UDIN: **20105117AAAABO6154**

**Place:** Mumbai
**Date:** 22 June 2021

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF ASHV FINANCE LIMITED (FORMERLY KNOWN AS JAIN SONS FINLEASE LIMITED), ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'Property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) The Company is a Non-Banking Financial Company, primarily engaged in the business of lending and does not have any inventories. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted secured loan to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest

(b) the schedule of repayment of principal and interest has been stipulated wherein the principal and interest amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal and interest amount is regular;

(c) there is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of income-tax, goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowing payable to government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117
UDIN: **20105117AAAABO6154**

**Place:** Mumbai
**Date**: 22 June 2021

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF ASHV FINANCE LIMITED (FORMERLY KNOWN AS JAIN SONS FINLEASE LIMITED) ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

1. In conjunction with our audit of the financial statements of Ashv Finance Limited (formerly known as Jain Sons Finlease Limited) ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

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

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

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

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on internal financial controls 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 **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117
UDIN: **20105117AAAABO6154**

**Place:** Mumbai
**Date:** 22 June 2021

# INDEPENDENT AUDITOR'S ADDITIONAL REPORT FOR THE YEAR ENDED 31 MARCH 2021 PURSUANT TO THE REQUIREMENT OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT (RESERVE BANK) DIRECTIONS, 2016 ISSUED BY THE RESERVE BANK OF INDIA

To
**The Board of Directors**
**Ashv Finance Limited (formerly known as Jain Sons Finlease Limited)**
12B, 3rd Floor, Techniplex-II, IT Park,
Goregaon (West), Mumbai – 400062
Maharashtra, India.

1. This report is issued in accordance with the terms of our engagement letter dated 2 November 2020 with Ashv Finance Limited (formerly known as Jain Sons Finlease Limited) (the 'Company') and requirements of the Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('the Auditor's Report Directions') issued by the Reserve Bank of India ('the RBI').

2. We have audited the accompanying financial statements of the Company which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued a unmodified opinion vide our report dated 22 June 2021.

## Management's Responsibility for the financial statements

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial

statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

4. The management of the Company is also responsible for compliance with the Reserve Bank of India Act, 1934 ('the RBI Act'), Master Direction- Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Directions'), and other circulars and directions issued by the RBI thereunder and for providing all the required information to the RBI.

## Auditor's Responsibility

5. Pursuant to the requirements of the Auditor's Report Directions, it is our responsibility to provide reasonable assurance on the matters specified in paragraph 3 and 4 of the Auditor's Report Directions, to the extent applicable to the Company, on the basis of our audit of the financial statements of the Company for the year ended 31 March 2021 and examination of books of accounts and other records maintained by the Company for the year then ended.

6. We conducted our examination of the audited books of accounts other records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

## Opinion

8. Based on our audit of the financial statements for the year ended 31 March 2021 and examination as above, evidences obtained and the information and explanations, along with the representations provided by the management, we report that:

   a) The Company is engaged in the business of Non-Banking Financial Institution (not accepting or holding public deposits) and pursuant to section 45-I(a) of the RBI Act, requiring it to hold a Certificate of Registration ('CoR') under section 45-IA of the Act. The Company has obtained CoR no. No. B-13.02376 dated 24 December 2019 issued by the Mumbai Regional Office of the RBI, in lieu of CoR No. B-09.00441 dated 20 October 2014 issued by the Hyderabad Regional Office of the RBI.

b) The Company is entitled to continue to hold such CoR in terms of its asset/(income pattern) as on 31 March 2021.

c) The Company has met with the required net owned fund requirement as laid down in the NBFC Directions as on 31 March 2021.

d) The Board of Directors of the Company in their meeting held on 12 May 2020 has passed a resolution for non-acceptance of any public deposits for the financial year 01 April 2020 to 31 March 2021.

e) The Company has not accepted any public deposits during the year ended 31 March 2021.

f) The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the NBFC Directions read with the RBI notification RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 on Implementation of Indian Accounting Standards dated 13 March 2020.

g) The Company being a systematically important non-deposit taking NBFC as defined in the NBFC Directions:

    a) The Company has correctly arrived at and disclosed the capital adequacy ratio (CRAR), in the provisional return submitted to the RBI in Form DNBS 03 (i.e., erstwhile NBS – 7) based on unaudited financial information for the year ended 31 March 2021 and such ratio is in compliance with the minimum CRAR prescribed by the RBI;

    b) The Company has furnished to the Bank the annual statement of capital funds, risk assets/ exposures and risk asset ratio DNBS 03 (i.e., erstwhile NBS – 7) within the stipulated period.

h) The Company is not a Non-Banking Financial Company–Micro Finance Institution ('NBFC-MFI') as specified under paragraph 3(xix) of the NBFC Directions.

## Restriction on distribution or use

9. Our work was performed solely to assist you for compliance with Auditor's Report Directions by the Company. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as statutory auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are subject of this report, will extend any duty of care we may have in our capacity as statutory auditors of the Company.

10. This report is addressed to and provided to the Board of Directors of the Company pursuant to our obligations under the Auditor's Report Directions requiring us to submit a report on the additional matters as stated in the aforesaid directions and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117
UDIN: **20105117AAAABO6154**

**Place:** Mumbai
**Date:** 22 June 2021

# Financials

# FINANCIALS

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Balance Sheet as at 31-March-2021
(All amounts in ₹ lakhs unless otherwise stated)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **1 Financial Assets** | | | |
| (a) Cash and cash equivalents | 5 | 2,357.18 | 9,811.98 |
| (b) Bank balances other than (a) above | 6 | 2,502.18 | 787.74 |
| (c) Loans | 7 | 49,903.81 | 38,327.05 |
| (d) Other financial assets | 8 | 1,896.01 | 550.00 |
| **Total financial assets** | | **56,659.18** | **49,476.77** |
| **2 Non-financial assets** | | | |
| (a) Current tax assets (net) | | 692.31 | 1,683.99 |
| (b) Deferred tax assets (net) | 9 | 869.18 | 289.24 |
| (c) Property, plant and equipment | 10A | 217.72 | 178.68 |
| (d) Right-of-use asset | 10B | 311.83 | - |
| (e) Goodwill | 48 | 2,009.10 | - |
| (f) Other Intangible assets | 11 | 77.94 | 64.59 |
| (g) Other non-financial assets | 12 | 203.04 | 70.21 |
| **Total non-financial assets** | | **4,381.12** | **2,286.7** |
| **Total assets** | | **61,040.30** | **51,763.48** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **1 Financial liabilities** | | | |
| (a) Trade payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | - | - |
| (ii) total outstanding dues other than micro enterprises and small enterprises | 13 | 91.12 | 15.85 |
| (b) Debt securities | 14 | 10,156.24 | 8,275.72 |
| (c) Borrowings (other than debt securities) | 15 | 23,999.13 | 17,746.56 |
| (d) Other financial liabilities | 16 | 1,664.03 | 1,535.15 |
| **Total financial liabilities** | | **35,910.52** | **27,573.28** |

Ashv AAVISHKAAR GROUP

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Balance Sheet as at 31-March-2021 (Cont'd.)
(All amounts in ₹ lakhs unless otherwise stated)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **2 Non-financial liabilities** | | | |
| (a) Provisions | 17 | 71.91 | 27.70 |
| (b) Other non-financial liabilities | 18 | 171.04 | 133.98 |
| **Total non-financial liabilities** | | **242.95** | **161.68** |
| **3 Equity** | | | |
| (a) Equity share capital | 19 | 4,209.30 | 4,209.30 |
| (b) Other equity | 20 | 20,677.53 | 19,819.22 |
| **Total equity** | | **24,886.83** | **24,028.52** |
| **Total liabilities and equity** | | **61,040.30** | **51,763.48** |

Summary of significant accounting policies 3

The accompanying notes form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N / N500013

For and on behalf of the Board of Directors
**Ashv Finance Limited**
(Formerly known as Jain Sons Finlease Limited)

**Manish Gujral**
Partner
Membership No: 105117

**Vineet Chandra Rai**
Chairman
DIN: 00606290

**Nikesh Kumar Sinha**
Managing Director
DIN: 08268336

**Place:** Mumbai
**Date:** 22 June 2021

**Kiran Agarwal Todi**
Chief Financial Officer
Place: Mumbai
Date: 22 June 2021

**Monika Variava**
Company Secretary

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Statement of Profit and Loss for the year ended 31-March-2021
(All amounts in ₹ lakhs unless otherwise stated)

| | | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|---|
| 1 | **Revenue from operations** | | | |
| | (i) Interest income | 21 | 9,472.46 | 6,964.54 |
| | (ii) Net gain on fair value changes | 22 | - | 273.26 |
| | (iii) Other operating revenue | 23 | 220.49 | 84.53 |
| | **Total revenue from operations** | | **9,692.95** | **7,322.33** |
| 2 | **Other income** | 24 | 92.46 | 15.80 |
| 3 | **Total income (1+2)** | | **9,785.41** | **7,338.13** |
| 4 | **Expenses** | | | |
| | (i) Finance costs | 25 | 3,454.06 | 3,268.01 |
| | (ii) Fee and commission expense | | 904.21 | 643.50 |
| | (iii) Impairment on financial instruments | 26 | 1,563.95 | 1,116.06 |
| | (iv) Employee benefits expense | 27 | 2,558.50 | 1,364.66 |
| | (v) Depreciation and amortization expense | 29 | 157.79 | 75.74 |
| | (vi) Other expenses | 28 | 881.44 | 667.48 |
| | **Total expenses** | | **9,519.95** | **7,135.45** |
| 5 | **Profit before tax (3–4)** | | **265.46** | **202.68** |
| 6 | **Tax expense:** | | | |
| | (a) Current tax expense | 34 | 75.49 | - |
| | (b) Deferred tax benefit | 34 | (579.94) | (174.45) |
| | (c) Taxes of earlier years | 34 | (26.44) | - |
| | | | **(530.89)** | **(174.45)** |
| 7 | **Profit for the year (5–6)** | | **796.35** | **377.13** |
| 8 | **Other comprehensive income, net of tax** | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurement expense on defined benefit plans | 32 | 2.34 | 12.31 |
| | **Other comprehensive income** | | **2.34** | **12.31** |
| 9 | **Total comprehensive income for the year (7+8)** | | **794.01** | **364.82** |

Ashv AAVISHKAAR GROUP

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Statement of Profit and Loss for the year ended 31-March-2021 (Cont'd.)
(All amounts in ₹ lakhs unless otherwise stated)

| | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **10 Earnings per equity share (of ₹ 10 each):** | 30 | | |
| Basic (in ₹) | | 2.37 | 1.75 |
| Diluted (in ₹) | | 1.89 | 1.41 |
| Summary of significant accounting policies | 3 | | |

The accompanying notes form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N / N500013

**Manish Gujral**
Partner
Membership No: 105117

**Place:** Mumbai
**Date:** 22 June 2021

For and on behalf of the Board of Directors
**Ashv Finance Limited**
(Formerly known as Jain Sons Finlease Limited)

**Vineet Chandra Rai**
Chairman
DIN: 00606290

**Nikesh Kumar Sinha**
Managing Director
DIN: 08268336

**Kiran Agarwal Todi**
Chief Financial Officer
Place: Mumbai
Date: 22 June 2021

**Monika Variava**
Company Secretary

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Statement of Cash Flow for the year ended 31-March-2021
(All amounts in ₹ lakhs unless otherwise stated)

| Particulars | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | 265.46 | 202.68 |
| **Adjustments for:** | | | |
| Depreciation and amortization expenses | | 157.79 | 75.74 |
| Impairment on financial assets | | 1,790.68 | 1,274.74 |
| Share-based payments to employees | | 64.30 | 77.86 |
| Interest expense on lease liabilities | | 22.63 | - |
| Effective interest rate adjustment for financial instruments | | (87.11) | (30.02) |
| Interest income from investments | | - | (65.90) |
| Interest income from fixed deposits | | (308.18) | (55.32) |
| Interest income on income tax refund | | (92.46) | 13.15 |
| Profit on sale of investments | | - | (273.26) |
| Provisions from employee benefits | | 30.05 | 6.07 |
| **Operating profit before working capital changes** | | **1,843.16** | **1,225.74** |
| **Adjustment for change in working capital:** | | | |
| Increase/(Decrease) in trade payables | | 75.27 | (26.97) |
| Decrease in other liabilities | | (193.35) | (946.03) |
| Increase in loans and advances | | (9,118.82) | (5,482.74) |
| Increase in other assets | | (1,435.11) | (349.19) |
| **Cash used in operating activities** | | **(8,828.85)** | **(5,579.19)** |
| Income tax paid, net of refunds | | 1,036.63 | (258.69) |
| **Net cash used in operating activities** | (A) | **(7,792.22)** | **(5,837.88)** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | | (127.42) | (74.91) |
| Proceeds from sale of property, plant and equipment | | 0.20 | 0.70 |
| Payment of purchase consideration on acquisition | | (6,305.16) | - |
| Proceeds from redemption of Investment in Pass Through Certificate ('PTC') | | - | 1,716.55 |
| Purchase of investments in mutual funds | | - | (62,911.16) |
| Proceeds from sale of investments in mutual funds | | - | 63,184.42 |
| Movement in margin money deposits (net) | | (1,406.26) | (18.58) |

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Statement of Cash Flow for the year ended 31-March-2021 (Cont'd.)
(All amounts in ₹ lakhs unless otherwise stated)

| Particulars | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| Interest income from investments | | - | 65.90 |
| **Net cash generated from/(used in) investing activities** | **(B)** | **(7,838.64)** | **1,962.92** |
| **Cash flows from financing activities** | | | |
| Proceeds of loan availed | | 24,568.20 | 19,601.63 |
| Repayment of debt securities/borrowings | | (16,333.87) | (16,210.48) |
| Proceeds from issue of share capital (net of share issue expenses) | | - | 9,908.11 |
| Repayment of lease liabilities | | (58.27) | - |
| **Cash generated from financing activities** | **(C)** | **8,176.06** | **13,299.26** |
| **Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)** | | (7,454.80) | 9,424.30 |
| Cash and cash equivalents at the beginning of the year (refer note 5) | | 9,811.98 | 387.68 |
| **Cash and cash equivalents at the end of the year (refer note 5)** | | **2,357.18** | **9,811.98** |

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows
referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N / N500013

**Manish Gujral**
Partner
Membership No: 105117

**Place:** Mumbai
**Date:** 22 June 2021

For and on behalf of the Board of Directors
**Ashv Finance Limited**
(Formerly known as Jain Sons Finlease Limited)

**Vineet Chandra Rai**
Chairman
DIN: 00606290

**Nikesh Kumar Sinha**
Managing Director
DIN: 08268336

**Kiran Agarwal Todi**
Chief Financial Officer
Place: Mumbai
Date: 22 June 2021

**Monika Variava**
Company Secretary

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Statement of Changes in Equity for the year ended 31-March-2021
(All amounts in ₹ lakhs unless otherwise stated)

## A. Equity share capital

| | Balance as at 31 March 2020 | Changes in equity share capital during year ended 31 March 2021 | Balance as at 31 March 2021 |
|---|---|---|---|
| Equity shares of ₹10 each, issued, subscribed and fully paid-up | 3,361.53 | - | 3,361.53 |
| 0.001% Series C CCPS of ₹10 each | 585.00 | - | 585.00 |
| 0.001% Series D CCPS of ₹10 each | 262.77 | - | 262.77 |
| **Total** | **4,209.30** | **-** | **4,209.30** |

## B. Other equity

| | Reserves and surplus | | | | |
|---|---|---|---|---|---|
| | Statutory reserve | Securities premium | Share options outstanding account | Retained earnings | Total |
| **Balance as at 31 March 2019** | **278.39** | **4,902.27** | **14.91** | **(7,398.96)** | **(2,203.39)** |
| Profit for the year | - | - | - | 377.13 | **377.13** |
| Premium on shares issued, net of expenses | - | 8,760.22 | - | - | **8,760.22** |
| Others (Refer Note 1 below) | - | 8,329.76 | - | 4,489.95 | **12,819.71** |
| Remeasurement expense on defined benefit plans, net of tax | - | - | - | (12.31) | **(12.31)** |
| Share based compensation for the year | - | - | 77.86 | - | **77.86** |
| Transfer to Statutory Reserve | 76.00 | - | - | (76.00) | **-** |
| **Balance as at 31 March 2020** | **354.39** | **21,992.25** | **92.77** | **(2,620.19)** | **19,819.22** |
| Profit for the year | - | - | - | 796.35 | **796.35** |
| Remeasurement expense on defined benefit plans, net of tax | - | - | - | (2.34) | **(2.34)** |
| Share based compensation for the year | - | - | 64.30 | - | **64.30** |

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Statement of Changes in Equity for the year ended 31-March-2021 (Cont'd.)
(All amounts in ₹ lakhs unless otherwise stated)

## B. Other equity

| | Reserves and surplus | | | | |
|---|---|---|---|---|---|
| | Statutory reserve | Securities premium | Share options outstanding account | Retained earnings | Total |
| Transfer to Statutory Reserve | 160.00 | - | - | (160.00) | - |
| **Balance as at 31 March 2021** | **514.39** | **21,992.25** | **157.07** | **(1,986.18)** | **20,677.53** |

**Note 1:** During transition from erstwhile GAAP to Ind AS, certain equity shares and CCPS (including securities premium) were considered as financial liability and had been accounted for as "subordinated liabilities" and had been measured at fair value with consequent increase in fair value had been recognized in the retained earnings. During the year ended 31 March 2020, the shareholders have amended the erstwhile agreement where these preferential rights to exercise put option on the Company have been removed. Consequent to the above change, the subordinated liabilities has been derecognized with corresponding increase in equity instrument, CCPS (including securities premium) and retained earnings as at 31 March 2020.

The accompanying notes form an integral part of the financial statements.

This is the Statement of Changes in Equity
referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N / N500013

For and on behalf of the Board of Directors
**Ashv Finance Limited**
(Formerly known as Jain Sons Finlease Limited)

**Manish Gujral**
Partner
Membership No: 105117

**Vineet Chandra Rai**
Chairman
DIN: 00606290

**Nikesh Kumar Sinha**
Managing Director
DIN: 08268336

**Place:** Mumbai
**Date:** 22 June 2021

**Kiran Agarwal Todi**
Chief Financial Officer
Place: Mumbai
Date: 22 June 2021

**Monika Variava**
Company Secretary

## 1. Background

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited) ("the Company") is a company incorporated under the provisions of the Companies Act, 1956. Effective 7 January 1999, the Company is registered as a non-deposit taking, Non-Banking Financial Company ("NBFC") under the rules and regulations framed by the Reserve Bank of India ("the RBI"). The Company is engaged in the business of providing lending facilities to the small businesses primarily in MSME segment. The Company is part of a Systemically Important Non-Deposit taking NBFC group. The Company has changed its name to Ashv Finance Limited and has received a fresh certificate of incorporation dated 8 October 2020.

## 2. Basis of preparation

### (a) Statement of compliance

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2016, as amended and other relevant provisions of the Act and other applicable guidelines issued by the Reserve Bank of India ('RBI'). The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Board of Directors on 22 June 2021.

### (b) Historical cost convention

These financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2016 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies.

## 3. Summary of significant accounting policies

### (a) Basis of measurement

The financial statements have been prepared using the significant accounting policies and measurement bases summarized as below. These policies have been applied consistently for all the periods presented in the financial statements.

### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of property, plant and equipment, useful lives of right of use assets, share based payments, deferred tax, accrual for employee benefits and impairment of loans under the expected credit loss model. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Significant management judgements

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Useful lives of depreciable/amortizable assets** – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

## Significant estimates

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

**Income taxes** – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

**Expected credit loss ('ECL')** – The measurement of expected credit loss allowance for financial assets measured at amortized cost requires use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss to estimate ECL:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

## (c) Income recognition

### Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

### Dividend income

Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when Company's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

### Other services

Fees/other charges on loan assets, other than those considered an adjustment to EIR, are accounted for only when it is certain that the amounts will be collected from the customers.

## (d) Borrowing costs

Borrowing cots consists of interest and other cost that the Company incurred in connection with the borrowing of funds. Such borrowing costs are charged to the Statement of Profit and Loss as per the effective interest rate method.

## (e) Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other associated finance cost) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (f) Intangible assets

#### Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company. Software acquired in a business combination are recognized at fair value at the acquisition date.

#### Subsequent measurement (amortization method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates useful life of intangible assets to be 3 years.

#### Intangible assets under development

Expenditure incurred which are eligible for capitalization under intangible assets is carried as ‘Intangible assets under development’ till they are ready for their intended use.

#### Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

## (g) Property, plant and equipment (PPE)

### Recognition and initial measurement

PPE other than land are initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

### Subsequent measurement (depreciation method, useful lives, residual value and impairment)

Depreciation is provided using the straight-line method at the rates estimated by the Management which coincides with the rates specified in Schedule II of the Act. The table below summarizes useful lives of various category of PPE:

### Asset Category

| | **Estimated useful life** |
|---|---|
| Furniture and fixtures | 10 |
| Office equipments | 5 |
| Computer & peripherals | 3 |

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

PPE other than land are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### De-recognition

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

#### Capital work-in-progress

The cost of PPE under construction at the reporting date is disclosed as ‘Capital work-in-progress’. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under ‘Capital Advances’.

### (h) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

#### Where the Company is lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term.

#### Where the Company is lessee

The Company’s leased assets consist of leases for building. The Company assesses whether a contract contains lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a) the contract involves the use of an identified asset
b) the Company has substantially all the economic benefits from use of the asset through the period of the lease and
c) the Company has the right to direct the use of the asset

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset 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.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Lease liability payments are classified as cash used in financing activities in the consolidated statement of cash flows

## (i) Financial instruments

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

### Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

a) Amortized cost
b) Financial assets at fair value through profit or loss (FVTPL)
c) Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

### Amortized cost

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognized on financial assets carried at amortized cost.

### Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

### Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

### Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss.

## De-recognition of financial assets

### De-recognition of financial assets due to substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

### De-recognition of financial assets other than due to substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognizes servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the Company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognize the portion retained by it as MRR.

## Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

## Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### Derivative financial instruments and hedge accounting

The derivative financial instruments are accounted for at FVTPL. The Company does not apply hedge accounting.

## (j) Impairment of financial assets

### Loans

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

(i) Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
(ii) Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
(iii) Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

**Probability of Default (PD)** - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation. Please refer note 37 for further explanation.

**Loss Given Default (LGD)** - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support. Please refer note 37 for further explanation.

**Exposure at Default (EAD)** - EAD is based on the amount of outstanding exposure as on the assessment date on which ECL is computed including amount guaranteed by way of letter of credit. Please refer note 37 for further explanation.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

### Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery.

## (k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## (l) Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognized in OCI or directly in equity, in which case, tax is also recognized in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Dividend Distribution Tax is recognized at the same time when the liability to pay dividend is recognized.

## (m) Employee benefits

### Short-term employee benefits

Short-term employee benefits including salaries, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and national pension scheme. The Company recognizes contribution payable as an expenditure, when an employee renders the related service. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan
The Company has an obligation towards gratuity which is being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary and other defined parameters. The plan is unfunded.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

## (n) Share based payments - Employee Stock Option Scheme ('ESOP')

The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

### (o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

### (p) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value.

At the acquisition date, the identifiable assets acquired and the liabilities assumed if any are recognized at their acquisition date fair values. For this purpose, the liabilities assumed are representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

Goodwill recognized on business combination are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which it pertains is less than the carrying value

### (q) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, the related asset is disclosed.

### (r) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(All amounts in ₹ lakhs unless otherwise stated)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 4. Standards issued but not yet effective as on date

There are no new standard or amendments notified by the Ministry of Corporate Affairs ('MCA') to the existing standards which would have been applicable from 1 April 2021.

### 5 Cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Cash on hand | 0.38 | 1.95 |
| Balances with banks in current accounts | 2,356.80 | 9,810.03 |
| | **2,357.18** | **9,811.98** |

(All amounts in ₹ lakhs unless otherwise stated)

## 6 Other bank balances

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Fixed deposits with banks with original maturity more than 3 months, on lien against term loans and unutilized overdraft limit | 2,445.07 | 774.35 |
| Interest accrued but not due on fixed deposits | 57.11 | 13.39 |
| | **2,502.18** | **787.74** |

## 7 Loans

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Term loans to customers, net of deferral | 50,605.64 | 38,906.41 |
| Loan to related party (refer note 31) | 422.94 | - |
| Interest accrued on loans to customers | 1,227.36 | 556.63 |
| **Total** | **52,255.94** | **39,463.04** |
| Less: Impairment on financial instrumentsv | (2,352.13) | (1,135.99) |
| | **49,903.81** | **38,327.05** |

**Notes:**

a) The net carrying amount of loans is considered a reasonable approximation of their fair value.

b) Refer note 37 for ECL disclosures.

c) Loans balances as at 31 March 2021 amounting to ₹3,167.49 are acquired by way of Business Combination (refer Note 48)

d) The reconciliation of loans is as below:

| | | |
|---|---|---|
| Secured, considered good | 13,962.54 | 22,580.01 |
| Unsecured, considered good | 36,465.91 | 16,520.24 |
| | **50,428.45** | **39,100.25** |
| Add/(Less): Deferral of net income/expense on origination of loans | 177.19 | (193.84) |
| **Loans to customers, net of deferral** | **50,605.64** | **38,906.41** |

e) Secured exposures are secured wholly or partly by hypothecation of book debts, charge on movable/ immovable assets.

f) All loans are held in India. For breakup of industry wise loans, refer Note. 42.

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## 8 Other financial assets

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Collateral security given to lenders | 385.40 | 428.50 |
| Security deposits | 103.23 | 66.78 |
| Loans to employees | 11.24 | 4.07 |
| Receivable for services | 23.94 | 25.88 |
| Receivable from related party (refer note 31c) | 1,211.62 | 3.60 |
| Other receivables | 160.58 | 21.17 |
| | **1,896.01** | **550.00** |

## 9 Deferred tax assets (net)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Deferred tax asset arising on account of:** | | |
| Impairment loss allowances on loans | 592.03 | 278.11 |
| On carried forward losses | 200.84 | - |
| Disallowance u/s 43B and other provisions | 63.15 | 13.51 |
| On property, plant and equipment | 13.16 | - |
| | **869.18** | **291.62** |
| **Deferred tax liability arising on account of:** | | |
| On property, plant and equipment | - | 2.38 |
| | - | **2.38** |
| | **869.18** | **289.24** |

The Company has recognized deferred tax assets on the carried forward tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Total unrecognized deferred tax assets as at 31 March 2021: ₹466.16 (March 2020: ₹687.11)

(All amounts in ₹ lakhs unless otherwise stated)

## 10 A. Property, plant and equipment ('PPE')

| | Computers | Furniture and fixtures | Office equipment | Total PPE |
|---|---|---|---|---|
| **Gross block** | | | | |
| **Balance as at 31 March 2019** | **49.21** | **30.62** | **168.95** | **248.78** |
| Additions | 42.41 | 1.84 | 5.70 | **49.95** |
| Disposals | (8.99) | (1.79) | - | **(10.78)** |
| **Balance as at 31 March 2020** | **82.63** | **30.67** | **174.65** | **287.95** |
| Additions | 53.60 | 0.20 | 2.39 | **56.19** |
| Additions through business combination (refer note 48) | 4.87 | 26.97 | 1.36 | **33.20** |
| Disposals | (0.33) | - | - | **(0.33)** |
| **Balance as at 31 March 2021** | **140.77** | **57.84** | **178.40** | **377.01** |
| **Accumulated depreciation** | | | | |
| **Balance as at 31 March 2019** | **36.70** | **16.68** | **30.92** | **84.30** |
| Depreciation charge for the year | 12.77 | 4.39 | 17.09 | **34.25** |
| Disposals | (9.21) | (0.07) | - | **(9.28)** |
| **Balance as at 31 March 2020** | **40.26** | **21.00** | **48.01** | **109.27** |
| Depreciation charge of the year | 24.24 | 19.66 | 6.28 | **50.18** |
| Disposals | (0.16) | - | - | **(0.16)** |
| **Balance as at 31 March 2021** | **64.34** | **40.66** | **54.29** | **159.29** |
| **Net block** | | | | |
| **As at 31 March 2020** | **42.37** | **9.67** | **126.64** | **178.68** |
| **As at 31 March 2021** | **76.43** | **17.18** | **124.11** | **217.72** |

**Note:**

i. **Contractual obligations**
There are no contractual commitments for the acquisition of property, plant and equipment.

ii. **Capitalized borrowing cost**
There is no borrowing costs capitalized during the year ended 31 March 2021 (31 March 2020: Nil).

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## 10. B. Right-of-use asset

| | Office premises | Total |
|---|---|---|
| **Gross block** | | |
| **Balance as at 31 March 2020** | - | - |
| Additions | 360.39 | 360.39 |
| Disposals | - | - |
| **Balance as at 31 March 2021** | **360.39** | **360.39** |
| **Accumulated depreciation** | | |
| **Balance as at 31 March 2020** | - | - |
| Amortization charge of the year | 48.56 | 48.56 |
| Disposals | - | - |
| **Balance as at 31 March 2021** | **48.56** | **48.56** |
| **Net block** | | |
| **As at 31 March 2020** | - | - |
| **As at 31 March 2021** | **311.83** | **311.83** |

## 11 Other intangible assets

| | Computer Software | Total |
|---|---|---|
| **Gross block** | | |
| **Balance as at 31 March 2019** | **121.64** | **121.64** |
| Additions | 24.96 | 24.96 |
| Disposals | (0.14) | (0.14) |
| **Balance as at 31 March 2020** | **146.46** | **146.46** |
| Additions | 71.23 | 71.23 |
| Additions through business combination (refer note 48) | 1.17 | 1.17 |
| Disposals | - | - |
| **Balance as at 31 March 2021** | **218.86** | **218.86** |
| **Amortization** | | |
| **Balance as at 31 March 2019** | **41.32** | **41.32** |
| Charge for the year | 41.49 | 41.49 |

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## 11 Other intangible assets (Cont'd.)

| | Computer Software | Total |
|---|---|---|
| Disposals | (0.94) | (0.94) |
| **Balance as at 31 March 2020** | **81.87** | **81.87** |
| Charge for the year | 59.05 | 59.05 |
| Adjustments | - | - |
| **Balance as at 31 March 2021** | **140.92** | **140.92** |
| **Net block** | | |
| **As at 31 March 2020** | **64.59** | **64.59** |
| **As at 31 March 2021** | **77.94** | **77.94** |

## 12 Other non-financial assets

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Prepaid expenses | 138.41 | 50.72 |
| Advances recoverable in cash or in kind or for value to be received | 0.60 | 0.60 |
| Balance with government authorities | 62.13 | - |
| Other receivables | 1.90 | 18.89 |
| | **203.04** | **70.21** |

## 13 Trade payables

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (i) total outstanding dues of micro enterprises and small enterprises | - | - |
| (ii) total outstanding dues other than micro enterprises and small enterprises | | |
| Dues to related parties (refer note 31c) | - | 0.07 |
| Others | 91.12 | 15.78 |
| | **91.12** | **15.85** |

Based on information available with the Company, there are no Trade payables who are registered as micro and small enterprises under “The Micro, Small and Medium Enterprises Development Act, 2006” as at the reporting dates.

## 14 Debt securities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Secured** | | |
| - Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) | 4,662.79 | 7,266.00 |
| - Rated, Unlisted, Redeemable, NCDs | 5,231.58 | 694.66 |
| Interest accrued but not due on debt securities | 261.87 | 315.06 |
| | **10,156.24** | **8,275.72** |

**Terms of repayment and security given are as below:**

The Company had allotted 4,000 NCDs of face value of ₹1 lakh each fully paid-up at par on 16 November 2016. NCDs are secured by way of hypothecation of specified book debts/loan receivables and carries interest rate of 12.86% per annum. The NCDs are redeemable at par in two equal instalments on 17 May 2021 and 17 November 2021.

The Company had allotted 1,330 NCDs of face value of ₹1 lakh each fully paid-up at par on 10 June 2016. NCDs are secured by way of hypothecation of specified book debts/loan receivables and carries interest rate of 12.86% per annum. The NCDs are redeemable at par in two equal instalments. The date of second instalment is 14 June 2021.

The Company had allotted 1,942 NCDs of face value of ₹1 lakh each fully paid-up at discount of ₹0.01 per debenture on 8 October 2014. NCDs are secured by way of hypothecation of specified book debts/loan receivables and carries interest rate of 13.5% per annum. Interest rate shall be reset after a period of 36 months from the date of allotment. The NCDs are redeemable at par on 8 October 2020, with call and put option exercisable at the end of 36 months. Since the Company and the debenture holder have not exercised the option, the tenor for the NCD has been reset to 8 October 2020, with interest rate revised to 12.5% per annum. These NCDs have been redeemed during the year.

The Company has allotted 150 NCDs of face value of ₹10 lakhs each fully paid-up at par on 29 August 2018. NCDs are secured by way of hypothecation of specified book debts/loan receivables and carries interest rate of 10.58% per annum, which are repayable in periodic instalments ranging from ₹8.33 lakhs to ₹41.67 lakhs till August 2021.

The Company has allotted 320 NCDs of face value of ₹10 lakhs each fully paid-up at par on 25 November 2020. NCDs are secured by way of hypothecation of specified book debts/loan receivables and carries interest rate of 12.40% per annum, which are redeemable at par in one instalment on 25th November 2023.

The Company has allotted 2,000 NCDs of face value of ₹1 lakh each fully paid-up at par on 1 March 2021. NCDs are secured by way of hypothecation of specified book debts/loan receivables and carries interest rate of 13.75% per annum, which are repayable in periodic instalments ranging from ₹133.32 lakhs to ₹133.52 lakhs till June 2022.

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## 14 Debt securities (Cont'd.)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Repayment schedule of term loans** | | |
| Up to 1 year | 6,339.85 | 3,098.66 |
| 2 to 5 years | 3,600.16 | 4,873.34 |
| | **9,940.01** | **7,972.00** |

## 15 Borrowings

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Secured** | | |
| Term loans from banks | 1,779.86 | - |
| Term loans from financial institutions | 22,114.07 | 17,680.42 |
| Interest accrued but not due on borrowings | 105.20 | 66.14 |
| | **23,999.13** | **17,746.56** |

**Terms of repayment and security given are as below:**

Loans from banks and financial institutions are secured by way of hypothecation of book debts created out of the loan amount. Interest rates on these loans ranges from 9.95% to 14.40% per annum (31 March 2020: 11.75% to 14.45% per annum).

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Repayment schedule of term loans** | | |
| Up to 1 year | 13,757.23 | 9,807.84 |
| 2 to 5 years | 10,323.64 | 8,006.71 |
| | **24,080.87** | **17,814.55** |

## 16 Other financial liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Cash collateral from customers | 163.36 | 402.80 |
| Cash collateral from related party (refer note 31c) | - | 1.28 |
| Advance from customers | 385.72 | 800.28 |
| Lease liability | 324.76 | - |
| Dues to the assignees towards collections from assigned receivables | 82.25 | - |

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## 16 Other financial liabilities (Cont'd.)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Employee payables | 266.51 | 152.24 |
| Other payables* | 441.43 | 178.55 |
| | **1,664.03** | **1,535.15** |

*Based on information available with the Company, there are no Other payables who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at the reporting dates.

## 17 Provisions

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity (refer note 32) | 71.91 | 23.10 |
| Provision on standard assets* | - | 4.60 |
| | **71.91** | **27.70** |

*RBI Circular DOR.No.BP.BC.63/21.04.048/2019-20 on COVID19 Regulatory Package - Asset Classification and Provisioning dt. 17 April 2020. Refer note 47.

## 18 Other non-financial liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Income received in advance | 70.81 | 90.85 |
| Statutory liabilities | 100.23 | 43.13 |
| | **171.04** | **133.98** |

(All amounts in ₹ lakhs unless otherwise stated)

## 19 Share capital

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Authorized** | | |
| (i) 7,34,00,000 (31 March 2020: 7,34,00,000) equity shares of ₹10 each | 7,340.00 | 7,340.00 |
| (ii) 60,00,000 (31 March 2020: 60,00,000) 0.001% Series B1 CCPS of ₹100 each | 600.00 | 600.00 |
| (iii) 56,00,000 (31 March 2020: 56,00,000) 0.001% Series D CCPS of ₹10 each | 560.00 | 560.00 |
| | **8,500.00** | **8,500.00** |
| **Issued, subscribed and paid-up** | | |
| (i) 3,36,15,301 (31 March 2020: 3,36,15,301) equity shares of ₹10 each | 3,361.53 | 3,361.53 |
| (ii) 58,49,966 (31 March 2020: 58,49,966) 0.001% Series C CCPS of ₹10 each | 585.00 | 585.00 |
| (iii) 26,27,724 (31 March 2020: 26,27,724) 0.001% Series D CCPS of ₹10 each | 262.77 | 262.77 |
| | **4,209.30** | **4,209.30** |

**a) The reconciliation of the number of shares outstanding and the amount of share capital as at 31 March 2021 and 31 March 2020 is set out below**

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Reconciliation of share capital** | | | | |
| Balance at the beginning of the year | 33,615,301 | 3,361.53 | 22,136,447 | 2,213.64 |
| Add: Allotted during the year | - | - | 11,478,854 | 1,147.89 |
| **Balance at the end of the year** | **33,615,301** | **3,361.53** | **33,615,301** | **3,361.53** |
| **Reconciliation of CCPS** | | | | |
| **0.001% CCPS - Series C of ₹10 each** | | | | |
| Balance at the beginning of the year | 5,849,966 | 585.00 | 5,849,966 | 585.00 |
| Add : Issued during the year | - | - | - | - |
| **Balance at the end of the year** | **5,849,966** | **585.00** | **5,849,966** | **585.00** |
| **0.001% CCPS - Series D of ₹10 each** | | | | |
| Balance at the beginning of the year | 2,627,724 | 262.77 | 2,627,724 | 262.77 |
| Add : Issued during the year | - | - | - | - |
| **Balance at the end of the year** | **2,627,724** | **262.77** | **2,627,724** | **262.77** |

## 19 Share capital (Cont'd.)

### b) Rights and restriction attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, of the proceeds available for distribution to the holders of equity shares, the assets of the Company will be distributed first among the Investors in accordance with the terms of the Agreement, second to the Shareholders (which would include the Promoters and Other Shareholders) and lastly pro-rata amongst all the Shareholders (including Investors) on a fully diluted basis.

If the Liquidity Event Proceeds are insufficient to make payment in full to all holders of the CCPS in accordance with the liquidation preference set forth in this Agreement, then such Liquidity Event Proceeds shall be distributed pro-rata among the Investors.

### c) Terms and rights attached to preference shares

**Terms and rights attached to Series C CCPS of ₹10 each**

The Company had allotted 58,49,996 non-cumulative CCPS of face value ₹10 each fully paid-up at a premium of ₹77.18 per Series C CCPS on 6 May 2016. The Series C CCPS carry dividend of 0.001% per annum. In addition to the fixed dividend, each CCPS shall be entitled to participate along with the equity shares in any dividends declared by the Company on the equity shares, as if such CCPS has been converted into equity shares immediately prior to declaration of dividend by the Company and are entitled to voting rights on a fully diluted basis.

In accordance with the terms of the Shareholders Agreement, 1 (one) Series C CCPS shall be automatically converted into 1 (one) equity share of ₹10 each at the end of 8$^{th}$ year from the date of issuance or on occurrence of an initial public offer. In the event of liquidation of the Company before conversion of CCPS, the holders of CCPS will have priority over equity shares in the payment of dividend and repayment of capital.

**Terms and rights attached to Series D CCPS of ₹10 each**

The Company has allotted 26,27,724 0.001% Series D CCPS of ₹10 each on rights basis, on 9 April 2018, in the ratio of 1 (one) 0.001% Series D CCPS of ₹10 each for every 4 equity shares (on fully diluted basis) of ₹10 each at a premium of ₹77.18 per 0.001% Series D CCPS. In addition to the fixed dividend, each CCPS shall be entitled to participate along with the equity shares in any dividends declared by the Company on the equity shares, as if such CCPS has been converted into equity shares immediately prior to declaration of dividend by the Company and are entitled to voting rights on a fully diluted basis. In accordance with the terms of the Shareholders Agreement, 1 (one) Series D CCPS shall be automatically converted into 1 (one) equity share of ₹10 each at the end of 8$^{th}$ year from the date of issuance or on occurrence of an initial public offer. In the event of liquidation of the Company before conversion of CCPS, the holders of CCPS will have priority over equity shares in the payment of dividend and repayment of capital.

(All amounts in ₹ lakhs unless otherwise stated)

## 19 Share capital (Cont'd.)

d) The details of shareholder holding more than 5 percent shares

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | No. of shares | Percent of shareholding | No. of shares | Percent of shareholding |
| **Equity shares** | | | | |
| Intellectual Capital Advisory Services Private Limited ("Intellectual") | 11,861,955 | 35.29% | 11,861,955 | 35.29% |
| Aavishkaar Venture Management Services Private Limited ("AVMS") | 13,320,638 | 39.63% | 13,320,638 | 39.63% |
| ON Mauritius | 4,784,689 | 14.23% | 4,784,689 | 14.23% |
| **0.001% Series C CCPS of ₹10 each** | | | | |
| On Mauritius | 1,720,578 | 29.41% | 1,720,578 | 29.41% |
| DWM | 2,064,694 | 35.29% | 2,064,694 | 35.29% |
| TSTMF | 1,032,347 | 17.65% | 1,032,347 | 17.65% |
| TCTFSF | 1,032,347 | 17.65% | 1,032,347 | 17.65% |
| **0.001% Series D CCPS of ₹10 each** | | | | |
| AVMS | 1,147,052 | 43.65% | 1,147,052 | 43.65% |
| TCTFSF | 370,168 | 14.09% | 370,168 | 14.09% |
| TSTMF | 370,168 | 14.09% | 370,168 | 14.09% |
| DWM | 740,336 | 28.17% | 740,336 | 28.17% |

e) The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2021. The Company has not bought back equity shares during five years immediately preceding 31 March 2021, nor has it issued any share for consideration other than cash.

f) For details of equity shares reserved for issuance under the ESOP plan of the Company, refer note 33.

## 20 Other equity

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Statutory reserve u/s 45(IC) of the RBI Act, 1934 | 514.39 | 354.39 |

(All amounts in ₹ lakhs unless otherwise stated)

## 20 Other equity (Cont'd.)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Securities premium | 21,992.25 | 21,992.25 |
| Share options outstanding account | 157.07 | 92.77 |
| Deficit in the Statement of Profit and Loss | (1,986.18) | (2,620.19) |
| | **20,677.53** | **19,819.22** |

### Nature and purpose of reserve

**a) Securities premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**b) Share options outstanding account**

The reserve is used to recognized the fair value of the options issued to the employees of the Company under its stock option plan.

## 21 Interest Income

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Interest on loans | 9,136.86 | 6,830.23 |
| Interest on investments | - | 65.90 |
| Interest on fixed deposits | 308.18 | 55.32 |
| Interest on others | 27.42 | 13.09 |
| | **9,472.46** | **6,964.54** |

## 22 Net gain on fair value changes

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Profit on sale of investments in mutual funds | - | 273.26 |
| | - | **273.26** |

(All amounts in ₹ lakhs unless otherwise stated)

## 23 Other operating revenue

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Gain on derecognition of assigned receivables | 116.08 | - |
| Other charges | 104.41 | 84.53 |
| | **220.49** | **84.53** |

## 24 Other income

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Interest on income tax refund | 92.46 | 13.15 |
| Other miscellaneous income | - | 2.65 |
| | **220.49** | **84.53** |

## 25 Finance costs

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Interest expense on debt securities | 1,023.24 | 1,107.98 |
| Interest expense on borrowings | 2,154.16 | 1,991.80 |
| Interest expense on lease liabilities (Refer note 38) | 22.63 | - |
| Other borrowing costs | 254.03 | 168.23 |
| | **3,454.06** | **3,268.01** |

## 26 Impairment on financial instruments

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Impairment on loans | 787.59 | (1,103.45) |
| Loan assets written off | 1,003.09 | 2,378.19 |
| Less: bad debt recoveries | (226.73) | (158.68) |
| | **1,563.95** | **1,116.06** |

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## 27 Employee benefits expenses

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Salaries and wages | 2,238.89 | 1,154.74 |
| Contributions to provident and other funds | 125.09 | 65.61 |
| Share based compensation (refer note 33) | 64.30 | 77.86 |
| Gratuity expenses (refer note 32) | 30.82 | 11.43 |
| Staff welfare expenses | 99.40 | 55.02 |
| | **2,558.50** | **1,364.66** |

## 28 Other expenses

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Rent (Refer note 38) | 137.04 | 118.38 |
| Electricity and water | 12.68 | 11.81 |
| Repairs and maintenance - others | 2.74 | 2.36 |
| Rates and taxes | 157.37 | 117.85 |
| Travelling and conveyance | 50.29 | 76.68 |
| Printing and stationery | 6.53 | 6.81 |
| Director sitting fees | 17.85 | 15.35 |
| Legal and professional fees | 176.44 | 135.87 |
| Remuneration to auditors (refer note 28 (a)) | 16.00 | 21.50 |
| Donation | 9.60 | - |
| Communication expenses | 22.81 | 16.11 |
| Technology expense | 170.97 | 77.13 |
| Office expenses | 71.32 | 63.02 |
| Advertisement expenses | 21.55 | 4.15 |
| Foreign exchange loss | 0.59 | - |
| Miscellaneous | 7.66 | 0.46 |
| | **881.44** | **667.48** |

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## 28 (a) Payment to auditors (excluding taxes)

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| - Audit fees (including Limited Review) | 14.50 | 15.85 |
| - Tax audit fees | 1.50 | 1.50 |
| - Other matters | - | 4.00 |
| - Out of pocket expenses | - | 0.15 |
| | **16.00** | **21.50** |

## 28 (b) Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The Company is not required to spend any amount as per Section 135 of the Companies Act, 2013 in the years ended 31 March 2021 and 31 March 2020.

## 29 Depreciation and amortization expense

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Depreciation on property, plant and equipment | 50.18 | 34.25 |
| Amortization on right of use asset | 48.56 | - |
| Amortization on intangible assets | 59.05 | 41.49 |
| | **157.79** | **75.74** |

## 30 Earnings per equity share (EPS)

| | | |
|---|---|---|
| **Net profit attributable to equity shareholders** | **796.35** | **377.13** |
| Weighted average number of shares outstanding during the year for computing basic EPS (nos) | 33,615,301 | 21,584,476 |
| Add: Effect of potential shares for conversion of CCPS (nos) | 8,477,690 | 5,122,969 |

(All amounts in ₹ lakhs unless otherwise stated)

## 30 Earnings per equity share (EPS) (Cont'd.)

| | | |
|---|---|---|
| Add: Effect of potential shares for conversion of ESOP (nos) | - | - |
| Weighted average number of shares used to compute diluted EPS (nos) | **42,092,991** | **26,707,445** |
| **Earning per share :** | | |
| Basic | 2.37 | 1.75 |
| Diluted | 1.89 | 1.41 |
| Nominal value - per equity share | 10.00 | 10.00 |

## 31 Related party disclosures

### a) Description of relationship

| Individuals / Companies having significant influence | Nature of relationship |
|---|---|
| Aavishkaar Venture Management Services Private Limited ("AVMS") | Holding Company/Entity which has significant influence on the Company* |
| Arohan Financial Services Limited ("Arohan") | Associate of AVMS |
| Intellecap Advisory Services Private Limited ("Intellecap") | Subsidiary of AVMS |
| Aavishkaar Foundation | Subsidiary of AVMS |
| Aavishkaar Investment Advisors (IFSC) Private Limited | Subsidiary of AVMS |
| Aavishkaar Advisors Private Limited | Subsidiary of AVMS |
| Aavishkaar Capital Advisors LLP (till 5 September 2019) | Subsidiary of AVMS |
| Indradhanush Capital Advisors Private Limited | Subsidiary of Intellecap |
| N R Management Consultants India Private Limited (from on 5 March 2021) | Subsidiary of AVMS |
| TribeTech Private Limited ("TribeTech") | Subsidiary of AVMS |
| Intellectual Capital Advisory Services Private Limited ("Intellectual") | Entity which has significant influence on the Company |

**Directors**

Mr. Vineet Chandra Rai

Mr. Anurag Agarwal

**Key Management Personnel**

Mr. Nikesh Kumar Sinha, Managing Director

Ms. Kiran Agarwal Todi, Chief Financial Officer

*Note: AVMS is the Holding Company w.e.f. September 2019.

(All amounts in ₹ lakhs unless otherwise stated)

## 31 Related party disclosures (Cont'd.)

### b) The transactions with related parties during the year

| Nature of transaction | Transactions with | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| Reimbursement of expenses incurred on behalf of the Company | Intellecap | 1.63 | 1.08 |
| Reimbursement of expenses incurred for the Company | Intellecap | - | 0.10 |
| Professional services | Intellecap | 5.00 | 4.50 |
| Issue of equity shares | Intellectual | - | 5,000.00 |
| Reimbursement of expenses incurred on behalf of the Company | Arohan | 51.21 | 0.26 |
| Reimbursement of expenses incurred for the Company | Arohan | 0.13 | 0.01 |
| Business purchase consideration paid | Arohan | 6,225.52 | - |
| Customer receipts collected on behalf of the Company | Arohan | 545.94 | - |
| Reimbursement of expenses incurred on behalf of the Company | TribeTech | 6.64 | 1.75 |
| Purchase of assets | TribeTech | 4.05 | - |
| Reimbursement of expenses incurred for the Company | TribeTech | 0.25 | 3.13 |
| Sourcing and servicing fees | TribeTech | 44.47 | 501.96 |
| First loss default guarantee invoked | TribeTech | 75.41 | 266.32 |
| Loan given | TribeTech | 422.94 | - |
| Interest charged | TribeTech | 29.75 | - |
| Reimbursement of expenses incurred on behalf of the Company | AVMS | 6.54 | 7.61 |
| Reimbursement of expenses incurred for the Company | AVMS | - | 0.06 |
| Issue of equity shares | AVMS | - | 5,000.00 |
| Loan taken | AVMS | 1,000.00 | - |
| Loan repaid | AVMS | 1,000.00 | - |
| Interest paid | AVMS | 29.46 | - |
| Sitting fees | Vineet Chandra Rai | 2.10 | 2.30 |
| Sitting fees | Anurag Agarwal | 4.15 | 3.74 |
| Remuneration | Nikesh Kumar Sinha | 174.00 | 142.88 |
| Remuneration | Kiran Agarwal Todi | 83.12 | 68.55 |

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AAVISHKAAR GROUP



## 31 Related party disclosures (Cont'd.)

### c) Balances with related parties

| Name of the party | Nature of balances | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| Intellecap | Other payable | 1.49 | - |
| Arohan | Other receivable | 1,211.62 | - |
| TribeTech | Other receivable | - | 2.25 |
| TribeTech | Loans given | 422.94 | - |

**Note:**

The managerial remuneration disclosed above does not include the provision for gratuity made on the basis of actuarial valuation is for the whole Company as a whole.

## 32 Employee benefits

### A Defined contribution plan

The Company makes contribution of statutory provident fund as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The contribution amounts have been disclosed under Note 27, Employee benefits expense.

### B Defined benefit plan

The Company provides for a gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service upto a limit of ₹20 lakhs. Vesting occurs on completion of 5 continuous years of service as per Payment of Gratuity Act, 1972. This plan is unfunded.

### Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

a) **Salary increases** - Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

b) **Investment risk** - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

c) **Discount rate** - Reduction in discount rate in subsequent valuations can increase the plan's liability.

(All amounts in ₹ lakhs unless otherwise stated)

## 32 Employee benefits (Cont'd.)

d) **Mortality and disability** - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

e) **Withdrawals** - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

**The following tables summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and amounts recognized in the Balance Sheet**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **1 The amounts recognized in the Balance Sheet are as follows** | | |
| Present value of the obligation as at the end of the year | 71.91 | 23.10 |
| Fair value of plan assets as at the end of the year | - | - |
| **Net liability recognized in the Balance Sheet** | **71.91** | **23.10** |
| **2 Changes in the present value of defined benefit obligation** | | |
| Defined benefit obligation as at beginning of the year | 23.10 | 17.03 |
| Service cost | 29.30 | 10.15 |
| Interest cost | 1.52 | 1.28 |
| Actuarial losses/(gains) | | |
| - change in financial assumptions | (10.03) | -0.01 |
| - change in demographic assumptions | 6.15 | 1.71 |
| - experience variance (i.e. actual experiences assumptions) | 6.22 | 10.61 |
| Transfer in due to business combination | 16.42 | - |
| Benefits paid | (0.77) | (17.67) |
| **Defined benefit obligation as at the end of the year** | **71.91** | **23.10** |
| **Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:** | | |
| Discount rate | 5.75% | 7.50% |
| Salary escalation | 5.00% | 5.00% |
| Attrition rate | 10.00% | 10.00% |
| Retirement age (years) | 60 | 60 |
| Mortality | 100% of IALM 2012-14 | 100% of IALM 2012-14 |

(All amounts in ₹ lakhs unless otherwise stated)

## 32 Employee benefits (Cont'd.)

### 3 Net gratuity cost for the year ended 31 March 2021 and 31 March 2020 comprises of following components:

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Current service cost | 29.30 | 10.15 |
| Net interest cost on the net defined benefit liability | 1.52 | 1.28 |
| Components of defined benefit costs recognized in Statement of Profit and Loss | **30.82** | **11.43** |

### 4 Other comprehensive income

| Remeasurements on defined benefit obligations | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Change in financial assumptions | 6.15 | 1.71 |
| Change in demographic assumptions | (10.03) | (0.01) |
| Experience variance (i.e. actual experience vs assumptions) | 6.22 | 10.61 |
| **Components of defined benefit costs recognized in other comprehensive income** | **2.34** | **12.31** |

### 5 Maturity profile of defined benefit obligation

| Particulars | | |
|---|---|---|
| Within the next 12 months (next annual reporting period) | 3.51 | 1.33 |
| After next 12 months | 68.40 | 21.77 |

### 6 Quantitative sensitivity analysis for significant assumptions is as below

| Assumption | Change in assumption | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| Discount rate | Increase by 100 basis points | 67.56 | 21.22 |
| | Decrease by 100 basis points | 76.73 | 25.26 |
| Salary escalation rate | Increase by 100 basis points | 76.71 | 25.28 |
| | Decrease by 100 basis points | 67.49 | 21.17 |
| Withdrawal rate | Increase by 100 basis points | 70.66 | 22.94 |
| | Decrease by 100 basis points | 73.17 | 23.24 |

(All amounts in ₹ lakhs unless otherwise stated)

## 32 Employee benefits (Cont'd.)

**Notes:**

(i) Sensitivity due to mortality is not material, hence the impact of change is not calculated.

(ii) The actuarial valuation of plan assets and the present valuation of defined benefit obligation were computed at year end. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(iii) Discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

(iv) The salary escalation rate is computed after considering the seniority, the promotion and other relevant factors such as, demand and supply in employment market.

## 33 Share-based payment

Under Employee Stock Option Scheme (ESOP) of the Company, share options of the Company are granted to the employees. The share based compensation plan in existence are as below:

### a) Employee Stock Option Plan 2018

The Company in it's Extra-Ordinary General Meeting held on 30 October 2018, has approved to create, grant, issue and allot at any time in one or more tranches to its employees, selected on the basis of criteria decided by the Board or the Nomination and Remuneration Committee of the Board under the Employee Stock Option Scheme - Intellegrow Employees Stock Option Plan - 2018 (ESOP-2018),

such number of stock options convertible into Equity Shares of the Company, in one or more tranches, not exceeding 727,068 equity shares of face value of ₹10 each, at such price and on such terms and conditions as may be fixed or determined by the Board or Nomination and Remuneration Committee of the Board in accordance with the ESOP-2018, and all applicable provisions of the law and/or guidelines issued by the relevant authority. Under the Plan, these options vest over a period of three years and vested options can be exercised any time during employment. Upon vesting, the employee can acquire 1 (one) equity share for every stock option. The fair value at grant date is determined using the Black Scholes model. Consequent to the above, the Company has granted stock options to employees of the Company, details of which are disclosed in the table below:

**Option activity during the year is summarized below:**

| | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Options outstanding at the beginning | 342,666 | 60.01 | 275,000 | 52.27 |

## 33 Share-based payment (Cont'd.)

| | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Granted during the year | 295,000 | 87.18 | 81,000 | 87.18 |
| Lapsed during the year | 25,000 | 87.18 | 5,000 | 87.18 |
| Exercised during the year | - | 60.01 | 8,334 | 52.27 |
| Options outstanding at the end | 612,666 | 71.99 | 342,666 | 60.01 |
| Options exercisable at year end | 191,999 | 71.99 | 83,334 | 60.01 |

The options outstanding as at 31 March 2021 and 31 March 2020 were with the exercise price of ₹10 to ₹87.18. The weighted average of the remaining contractual life is 1.5 year (31 March 2020: 4 years).

In the current year, the Holding Company has allotted 3,015 options to the employees of the Company. The Company has recognized an expense amounting to ₹4.82 lakhs as employee compensation expenses.

The Employee Stock Option Plan 2018 has been granted over three years with different vesting dates. The following inputs were used to determine the fair value for options granted:

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Expected life (in years) | 2.50 - 4.50 | 2.50 - 4.50 |
| Volatility (%) | 27.93% | 15.84% |
| Risk free rate (%) | 4.38% to 7.31% | 7% to 7.31% |
| Exercise price (₹) | ₹10 to 87.18 | ₹10 to 87.18 |
| Dividend yield | 0% | 0% |
| Option fair value | 16.85 - 79.98 | 16.85 - 79.98 |

## 34 Income tax expense

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **a) Income tax expense recognized in Statement of profit and loss** | | |
| Current tax | 75.49 | - |
| Deferred tax | (579.94) | (174.45) |
| Taxes of earlier years | (26.44) | - |
| | **(530.89)** | **(174.45)** |

(All amounts in ₹ lakhs unless otherwise stated)

## 34 Income tax expense (Cont'd.)

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **b) Income tax recognized in other comprehensive income** | | |
| Taxes on re-measurement of defined benefit plans | - | - |
| **c) Reconciliation of income tax expense and the accounting profit for the year** | | |
| Profit before tax | 265.46 | 202.68 |
| Enacted tax rates | 25.17% | 24.48% |
| Income tax expense calculated on corporate tax rate | 66.82 | 49.62 |
| Expense disallowed under the provisions of Income tax Act, 1961 | 8.68 | 18.99 |
| Impact on deferred tax on account of change in tax rates | 2.00 | 18.29 |
| **Deferred tax assets recognized** | | |
| Impairment loss allowances on loans | (315.92) | (194.86) |
| On carried forward losses | (200.84) | - |
| Disallowance u/s 43B and other provisions | (49.64) | 2.57 |
| On property, plant and equipment | (15.53) | 0.45 |
| Other adjustments | (0.02) | (69.51) |
| Income tax in respect of earlier years | (26.44) | - |
| **At the effective income tax rate of 25.17% (31 March 2020: 24.48%)** | **(530.89)** | **(174.45)** |

## 35 Capital management

The capital management objectives of the Company are:

- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

(All amounts in ₹ lakhs unless otherwise stated)

## 35 Capital management (Cont'd.)

The Company monitors capital on the basis of the risk weighted assets as prescribed by the Reserve Bank of India (RBI).

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes have been made to the objectives, policies and processes from the previous years.

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Debt securities | 10,156.24 | 8,275.72 |
| Borrowings (other than debt securities) | 23,999.13 | 17,746.56 |
| **Total debt** | **34,155.37** | **26,022.28** |
| **Total equity** | **24,886.83** | **24,028.52** |
| **Net debt to equity ratio** | **1.37** | **1.08** |

## 36 Financial instruments and fair value disclosures

**The carrying value and fair value of financial assets and liabilities are as follows:-**

| | Fair value through profit and loss | Fair value through OCI | Amortized cost | Total | Fair value |
|---|---|---|---|---|---|
| As at 31 March 2021 | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | - | - | 2,357.18 | 2,357.18 | 2,357.18 |
| Bank balances other than above | - | - | 2,502.18 | 2,502.18 | 2,502.18 |
| Loans | - | - | 49,903.81 | 49,903.81 | 49,903.81 |
| Other financial assets | - | - | 1,896.01 | 1,896.01 | 1,896.01 |
| **Total financial assets** | **-** | **-** | **56,659.18** | **56,659.18** | **56,659.18** |
| Trade payables | - | - | 91.12 | 91.12 | 91.12 |
| Debt securities | - | - | 10,156.24 | 10,156.24 | 10,156.24 |

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## 36 Financial instruments and fair value disclosures (Cont'd.)

| | Fair value through profit and loss | Fair value through OCI | Amortized cost | Total | Fair value |
|---|---|---|---|---|---|
| Borrowings (other than debt securities) | - | - | 23,999.13 | 23,999.13 | 23,999.13 |
| Other financial liabilities | - | - | 1,664.03 | 1,664.03 | 1,664.03 |
| **Total financial liabilities** | **-** | **-** | **35,910.52** | **35,910.52** | **35,910.52** |
| **As at 31 March 2020** | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | - | - | 9,811.98 | 9,811.98 | 9,811.98 |
| Bank balances other than above | - | - | 787.74 | 787.74 | 787.74 |
| Loans | - | - | 38,327.05 | 38,327.05 | 38,327.05 |
| Other financial assets | - | - | 550.00 | 550.00 | 550.00 |
| **Total financial assets** | **-** | **-** | **49,476.77** | **49,476.77** | **49,476.77** |
| Trade payables | | | 15.85 | 15.85 | 15.85 |
| Debt securities | - | - | 8,275.72 | 8,275.72 | 8,275.72 |
| Borrowings (other than debt securities) | - | - | 17,746.56 | 17,746.56 | 17,746.56 |
| Other financial liabilities | - | - | 1,535.15 | 1,535.15 | 1,535.15 |
| **Total financial liabilities** | **-** | **-** | **27,573.28** | **27,573.28** | **27,573.28** |

-Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

## 37 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

## 37 Financial risk management (Cont'd.)

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents, loans, financial assets measured at amortized cost | Ageing analysis | Credit risk analysis, diversification of customers/asset base, credit limits, collateral and static pool analysis. |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of sufficient cash, CC/ OD limits, committed credit lines and borrowing facilities |
| Market risk - interest rate | Borrowings at variable rates | Sensitivity analysis | Pass on the Interest rate increase/ decrease to customers and borrowings at fixed rate. |
| Market Risk - Security Price | Investments in securities | Sensitivity analysis | Portfolio diversification, exposure limits/ limits on equity exposure |

The Board has the overall responsibility of risk management. There are two committees of the Board which take care of managing overall risk in the organization. In accordance with the RBI guidelines to enable NBFCs to adopt best practices and greater transparency in their operations, the Board of Directors of the Company has constituted a Risk Management Committee to review risk management in relation to various risks, namely, market risk, credit risk, and operational risk, and an Asset Liability Management Committee (ALCO).

### A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, loan assets and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

### a) Credit risk management

Credit risk management policy provides for identification and assessment of credit risk, assessment and management of portfolio credit risk, and risk monitoring and control. The issues relating to the establishment of exposure limits for various categories, for example, based on geographical regions, product specific, industry and rating are also covered. The policy also deals with rating models aiming at high quality, consistency and uniformity in the appraisal of proposals.

The risk parameters are same for all financial assets for all period presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are overdue. A default on a financial asset is when the counterparty fails to make contractual payments. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(All amounts in ₹ lakhs unless otherwise stated)

## 37 Financial risk management (Cont'd.)

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

i) Low credit risk on financial reporting date
ii) Moderate credit risk
iii) High credit risk

**The company provides for expected credit loss based on the following:**

| Asset group | Basis for categorization | Provision for expected credit loss |
|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, loans and other financial assets | 12 month expected credit loss |
| Moderate credit risk | Loans and other financial assets | Life time expected credit loss or 12 month expected credit loss |
| High credit risk | Loans and other financial assets | Life time expected credit loss fully provided for |

**Financial assets that expose the entity to credit risk***

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Low credit risk on financial reporting date** | | |
| Cash and cash equivalents | 2,357.18 | 9,811.98 |
| Bank balances other than above | 2,502.18 | 787.74 |
| Loans and corresponding interest receivables | 48,819.61 | 37,955.66 |
| Other financial assets | 1,896.01 | 550.00 |
| **Moderate credit risk** | | |
| Loans | 1,652.96 | 585.91 |
| **High credit risk** | | |
| Loans | 1,783.37 | 921.47 |

* These represent gross carrying values of financial assets, without deduction for expected credit losses

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

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## 37 Financial risk management (Cont'd.)

### Loans

The majority of the Company's borrowers are seasoned borrowers with satisfactory credit history. The Company closely monitors the credit-worthiness of the borrower's through internal systems. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

### Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

### b) Expected credit losses for financial assets other than loans

i) **Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:**

- For cash and cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognized on such assets considering their low credit risk nature, though the reconciliation of expected credit loss for all sub categories of financial assets (other than loans) are disclosed further:

| | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|---|
| **31 March 2021** | | | | |
| Cash and cash equivalents | 2,357.18 | 0% | - | 2,357.18 |
| Bank balances other than above | 2,502.18 | 0% | - | 2,502.18 |
| Other financial assets | 1,896.01 | 0% | - | 1,896.01 |
| **31 March 2020** | | | | |
| Cash and cash equivalents | 9,811.98 | 0% | - | 9,811.98 |
| Bank balances other than above | 787.74 | 0% | - | 787.74 |
| Other financial assets | 550.00 | 0% | - | 550.00 |

## 37 Financial risk management (Cont'd.)

### ii) Expected credit loss for loans

**Credit risk**

Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations. It arises principally from the Company's loans and advances to customers, and investment in debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure, which are as follows:

**Credit default risk:** The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation.

**Concentration risk:** The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations. It may arise in the form of single geographic or sector concentration.

#### A1 Credit risk measurement

The Company classifies its risk based on geographies and the type of risk associated with the business of borrowers and accordingly classifies the loan assets as:

(a) Low credit risk

(b) Moderate credit risk

(c) High credit risk

The Company considers qualitative factors that include past recoveries, historical default rates and macro-economic factors affecting a particular region.

#### A2 Expected credit loss measurement

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".

- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.

- If a financial instrument is credit impaired, it is moved to "Stage 3".

- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months.

Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

#### A2.1 Significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when a set of portfolio experiences difficulties due to certain macro-economic factors.

## 37 Financial risk management (contd.)

### A2.2 Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one of the following criteria:

**Quantitative criteria:**

The borrower is more than 90 days past due on its contractual payments.

**Qualitative criteria:**

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficult. These are instances where:

- Inability to continue with his business on account of permanent incapacitation.

- Policy changes from the Government including instances such as demonetisation and introduction of new tax legislation such as Goods and Services Tax (GST).

### A2.3 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.

- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

**Probability of default (PD) computation model**

PD or default rate is an estimate of the likelihood of the default event (as defined in the previous step) occurring in future. Accordingly, a lower PD signifies lower credit risk. PD is estimated by using historical data, and is done over a particular time horizon. It is dovne by performing vintage analysis over the historical data of default to assess how default rates change over time, and compute the risk of default in the next 12 months and the entire lifetime of the loan. For loan portfolio where sufficient historical data is not available, PD is taken from an external default study report of a credit rating agency.

(All amounts in ₹ lakhs unless otherwise stated)

## 37 Financial risk management (contd.)

**Loss given default (LGD) computation model**

LGD is the credit loss that will be incurred if the borrower defaults. For loan portfolio where sufficient historical data is not available, the LGD has been considered based on Foundation Internal Rating Based (IRB) framework given in Circular on Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk.

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. The Company records overlays as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic.

### A3 Credit risk exposure

| | ECL Staging | | |
|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 |
| **31 March 2021** | | | |
| Low credit risk | 48,219.48 | | |
| Moderate credit risk | - | 1,652.96 | - |
| High credit risk | - | - | 1,783.37 |
| **Gross carrying amount** | **48,219.48** | **1,652.96** | **1,783.37** |
| Loss allowance | 1,035.51 | 353.82 | 962.80 |
| **Carrying amount** | **47,183.97** | **1,299.14** | **820.57** |
| **31 March 2020** | | | |
| Low credit risk | 37,592.87 | - | - |
| Moderate credit risk | - | 585.91 | - |
| High credit risk | - | - | 921.47 |
| **Gross carrying amount** | **37,592.87** | **585.91** | **921.47** |
| Loss allowance | 302.86 | 180.42 | 652.71 |
| **Carrying amount** | **37,290.01** | **405.49** | **268.76** |

### A4 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL.

(All amounts in ₹ lakhs unless otherwise stated)

## 37 Financial risk management (contd.)

### A4 Loss allowance (Cont'd.)

- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period.

- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| | 12 months ECL | Lifetime ECL | Lifetime ECL | |
| Loans at amortized cost | | | | |
| **Balance as at 31 March 2019** | **821.12** | **71.09** | **1,344.97** | **2,237.18** |
| New financial assets originated or purchased* | 294.44 | 180.42 | 640.66 | 1,115.53 |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | (26.53) | (26.32) | 52.85 | - |
| Movement in credit risk on existing loan assets | (786.17) | (44.77) | 992.42 | 161.48 |
| Write offs | - | - | (2,378.19) | (2,378.19) |
| **Balance as at 31 March 2020** | **302.86** | **180.42** | **652.71** | **1,136.00** |
| New financial assets originated or purchased* | 480.21 | 43.38 | 36.76 | 560.36 |
| Transfer to Stage 1 | 69.85 | (69.85) | - | - |
| Transfer to Stage 2 | (71.46) | 71.46 | - | - |
| Transfer to Stage 3 | (31.53) | (60.92) | 92.45 | - |
| Movement in credit risk on existing loan assets | 314.05 | 238.98 | 711.01 | 1,264.04 |
| Financial assets that have been derecognized | (27.95) | (40.58) | - | (68.53) |
| Write offs | (0.52) | (9.07) | (652.61) | (662.20) |
| **Balance as at 31 March 2021** | **1,035.51** | **353.82** | **840.33** | **2,229.66** |

*New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

(All amounts in ₹ lakhs unless otherwise stated)

## 37 Financial risk management (contd.)

### A4 Loss allowance (Cont'd.)

The following table further explains changes in the gross carrying amount of the Loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| | 12 months ECL | Lifetime ECL | Lifetime ECL | |
| **Loans at amortized cost** | | | | |
| **Balance as at 31 March 2019** | 33,483.79 | 1,247.45 | 1,461.99 | 36,193.23 |
| New financial assets originated or purchased* | 34,332.73 | 585.91 | 905.92 | 35,824.56 |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | (651.67) | (487.55) | 1,139.22 | - |
| Financial assets that have been derecognized/repaid | (29,571.98) | (759.90) | (207.47) | (30,539.35) |
| Write offs | - | - | (2,378.19) | (2,378.19) |
| **Balance as at 31 March 2020** | **37,592.87** | **585.91** | **921.47** | **39,100.25** |
| New financial assets originated or purchased* | 35,095.78 | 371.82 | 72.96 | 35,540.57 |
| Transfer to Stage 2 | (1,228.50) | 1,228.50 | - | - |
| Transfer to Stage 3 | (1,369.75) | (211.40) | 1,581.15 | - |
| Financial assets that have been derecognized/repaid | (22,878.24) | (303.73) | (27.30) | (23,209.27) |
| Write offs | (56.70) | (18.14) | (928.25) | (1,003.09) |
| **Balance as at 31 March 2021** | **47,155.47** | **1,652.96** | **1,620.03** | **50,428.46** |

*New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

### A.5 Concentration of credit risk

The Company monitors concentration of credit risk by type of industry in which the borrower operates:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Gross carrying amount of loans** | 50,428.45 | 39,100.25 |
| **Concentration by industry** | | |
| Loans to NBFCs/MFIs | 5,584.67 | 15,043.32 |

## 37 Financial risk management (contd.)

### A.5 Concentration of credit risk (Cont'd.)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Others | 44,843.78 | 24,056.93 |
| | **50,428.45** | **39,100.25** |

### A.6 Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

The outstanding contractual amounts of such assets written off during the year ended March 31, 2021 was ₹1,003.09 (March 31, 2020 ₹2,378.19). The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

### B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps. The amount of total borrowing sanctioned but not drawn is ₹1,500 lakhs (31 March 2020: Nil)

#### Maturities of financial liabilities

The tables below analyses the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

| 31 March 2021 | Less than 1 year | 1-3 year | 3-5 year | More than 5 years | Total |
|---|---|---|---|---|---|
| Debt securities | 6,601.72 | 3,600.16 | - | - | 10,201.88 |
| Borrowings | 13,862.43 | 10,323.64 | - | - | 24,186.07 |
| Trade payables | 91.12 | - | - | - | 91.12 |
| Other financial liabilities at amortized cost | 1,443.63 | 174.71 | 30.02 | 15.67 | 1,664.03 |
| **Total** | **21,998.90** | **14,098.51** | **30.02** | **15.67** | **36,143.10** |

(All amounts in ₹ lakhs unless otherwise stated)

## 37 Financial risk management (Cont'd.)

| 31 March 2020 | Less than 1 year | 1-3 year | 3-5 year | More than 5 years | Total |
|---|---|---|---|---|---|
| Debt securities | 3,413.73 | 4,873.33 | - | - | 8,287.06 |
| Borrowings | 9,873.98 | 7,856.71 | 150.00 | - | 17,880.69 |
| Trade payables | 15.85 | - | - | - | 15.85 |
| Other financial liabilities at amortized cost | 1,535.15 | - | - | - | 1,535.15 |
| **Total** | **14,838.71** | **12,730.04** | **150.00** | **-** | **27,718.75** |

### C) Market Risk

### a) Interest rate risk

#### i) Liabilities

The policy of the Company is to minimize interest rate cash flow risk exposures on long-term loans and borrowings. The Company is exposed to changes in market interest rates through loans and bank borrowings at variable interest rates.

**Interest rate risk exposure**

Below is the overall exposure of the Company to interest rate risk:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Variable rate borrowing | 13,789.93 | 11,344.98 |
| Fixed rate borrowing | 19,998.37 | 14,296.10 |
| **Total borrowings** | **33,788.30** | **25,641.08** |

**Sensitivity**

Below is the sensitivity of profit or loss and equity changes in interest rates.

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Interest sensitivity* | | |
| Interest rates – increase by 100 basis points | 137.90 | 113.45 |
| Interest rates – decrease by 100 basis points | (137.90) | (113.45) |

* Holding all other variables constant

#### ii) Assets

The Company's fixed deposits are carried at amortized cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## 38 Lease commitment

The Company has entered into non-cancellable/cancellable leasing arrangements in respect of its premises/ branches for leases where term of agreement is of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments amounted to ₹137.04 lakhs (31 March 2020: ₹118.38 lakhs) as an operating expense in the current year.

**Future minimum lease payments with respect to non-cancellable operating leases which are not accounted as Right of Use assets are as follows (undiscounted basis):**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Within one year | 54.00 | 157.47 |
| Later than one year but not later than 5 years | 52.48 | 23.93 |
| Later than 5 years | - | - |

**Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:**

| | Buildings | Total |
|---|---|---|
| **As at 31 March 2019** | - | - |
| Additions | - | - |
| **Depreciation expenses** | **-** | **-** |
| **As at 31 March 2020** | - | - |
| Additions | 360.39 | 360.39 |
| Depreciation expenses | 48.56 | 48.56 |
| **As at 31 March 2021** | **311.83** | **311.83** |

**Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:**

| | Buildings | Total |
|---|---|---|
| **As at 31 March 2019** | - | - |
| Additions | - | - |
| Accretion of interest | - | - |
| **Payment** | **-** | **-** |

(All amounts in ₹ lakhs unless otherwise stated)

## 38 Lease commitment (Cont'd.)

| | Buildings | Total |
|---|---|---|
| **As at 31 March 2020** | - | - |
| Additions | 360.39 | 360.39 |
| Accretion of interest | 22.63 | 22.63 |
| Payment | (58.27) | (58.27) |
| **As at 31 March 2021** | **324.76** | **324.76** |

**Lease payments in future periods where right-of-use assets is recognized (undiscounted basis):**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Not later than one year | 153.31 | - |
| Later than one year and not later than five years | 226.79 | - |
| Later than five years | 17.87 | - |
| | **397.97** | **-** |

**Amount recognized in Statement of profit and loss account and statement of cashflow on right of use assets**

| | For the year ended | |
|---|---|---|
| | 31 March 2021 | 31 March 2020 |
| **Amount recognized in Statement of profit and loss account** | | |
| Depreciation on right of use assets | 48.56 | - |
| Interest on lease liabilities | 22.63 | - |
| Expenses relating to short term leases and low value assets | 137.04 | 118.38 |
| **Amount recognized in Statement of Cashflow** | | |
| Total cash outflow for leases | 195.31 | 118.38 |

## 39 Segment information

The Company is engaged in lending which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates primarily in India and there is no other geographical segment.

## 40 Contingent liabilities and commitment

There are no contingent liabilities and outstanding commitments as at reporting dates. The amount of loans sanctioned but not disbursed amounts to ₹262.90 lakhs (31 March 2020: ₹943.00 lakhs).

## 41 Classification and provisions for loan portfolio owned

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Asset classification** | | |
| **Loan outstanding** | | |
| Standard assets | 48,808.42 | 38,178.78 |
| Substandard assets | 1,620.03 | 921.47 |
| Doubtful assets | - | - |
| **Less: Provision** | | |
| Standard assets | 1,389.33 | 483.28 |
| Substandard assets | 840.33 | 652.71 |
| Doubtful assets | - | - |
| **Loan outstanding (net)** | | |
| Standard assets | 47,419.09 | 37,695.50 |
| Substandard assets | 779.70 | 268.76 |
| Doubtful assets | - | - |

## 42 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (Updated as on February 23, 2018) issued by the RBI

| Liabilities side: | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| **a. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:** | | | | |
| (a) Debentures (Secured) | | | | |
| Secured | 10,156.24 | - | 8,275.72 | - |
| Unsecured | | | - | - |

(All amounts in ₹ lakhs unless otherwise stated)

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| Liabilities side: | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| (b) Term loans (secured) | 23,999.13 | - | 17,746.56 | - |
| (c) Inter-corporate loans and borrowing | - | - | - | - |
| (d) Commercial paper | - | - | - | - |
| (e) Other loans from financial institutions (Secured) | - | - | - | - |
| | **34,155.37** | **-** | **26,022.28** | **-** |

| Assets side: | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **b. Break-up of loans and advances:** | | |
| (a) Secured | 13,962.54 | 22,580.01 |
| (b) Unsecured | 36,465.91 | 16,520.24 |
| | **50,428.45** | **39,100.25** |
| **c. Break up of leased assets and stock on hire and other assets counting towards AFC activities** | | |
| (i) Lease assets including lease rentals under sundry debtors : | | |
| (a) Financial lease | - | - |
| (b) Operating lease | - | - |
| (ii) Stock on hire including hire charges under sundry debtors: | | |
| (a) Assets on hire | - | - |
| (b) Repossessed Assets | - | - |
| (iii) Other loans counting towards AFC activities | | |
| (a) Loans where assets have been repossessed | - | - |
| (b) Loans other than (a) above | - | - |
| **d. Break-up of investments:** | | |
| Current investments | | |
| 1. Quoted | | |
| (i) Shares: | | |
| (a) Equity | - | - |

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| | | |
|---|---|---|
| (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 (please specify) | - | - |
| 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 (Investment in PTCs) | - | - |

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e. Borrower group-wise classification of assets financed as in (b) and (c)

| Category For 31 March 2021 | Amount (standard assets net of provisions) | | |
|---|---|---|---|
| | Secured | Unsecured | Total |
| 1. Related Parties | - | - | - |
| (a) Subsidiaries | - | - | - |
| (b) Companies in the same group | - | 422.94 | 422.94 |
| (c) Other related parties | - | - | - |
| 2. Other than related parties | 13,962.54 | 36,465.91 | 50,428.45 |
| | **13,962.54** | **36,888.85** | **50,851.39** |

| Category For 31 March 2020 | Amount (standard assets net of provisions) | | |
|---|---|---|---|
| | Secured | Unsecured | Total |
| 1. Related Parties | - | - | - |
| (a) Subsidiaries | - | - | - |
| (b) Companies in the same group | - | - | - |
| (c) Other related parties | - | - | - |
| 2. Other than related parties | 22,580.01 | 16,520.24 | 39,100.25 |
| | **22,580.01** | **16,520.24** | **39,100.25** |

f. Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

| Category | Market value / Breakup or fair value or NAV | | Book value (net of provisions) | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| 1. Related Parties | | | | |
| (a) Subsidiaries | - | - | - | - |
| (b) Companies in the same group | - | - | - | - |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | - | - | - | - |

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g. Other information

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| (i) Gross Non-Performing Assets | | |
| (a) Related parties | - | - |
| (b) Other than related parties | 1,620.03 | 921.47 |
| (ii) Net Non-Performing Assets | | |
| (a) Related parties | - | - |
| (a) Other than related parties | 779.70 | 268.76 |
| (iii) Assets acquired in satisfaction of debt | - | - |

(i) Capital Risk Asset Ratio

| Sl.No. | Items | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| (a) | Capital risk Asset Ratio (%) | 40.89% | 60.79% |
| (b) | Capital risk Asset Ratio (%) - Tier I Capital (%) | 39.64% | 60.02% |
| (c) | Capital risk Asset Ratio (%) - Tier II Capital (%) | 1.25% | 0.77% |

(ii) Derivatives

The Company has no transaction/exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on 31 March 2021 (31 March 2020: Nil)

(iii) Exposures

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous years.

(iv) Maturity pattern of certain items of assets and liabilities

Maturity pattern of certain Assets and Liabilities as on 31 March 2021

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| | Assets | | Liabilities |
|---|---|---|---|
| | Advances | Investments | Borrowings |
| 1 day to 7 days | 873.95 | - | 108.87 |
| 7 days to 14 days | 1,103.68 | - | 69.17 |
| 15 days to 30/31 days (one month) | 1,009.07 | - | 713.50 |
| Over one month to 2 months | 3,387.67 | - | 3,191.47 |
| Over 2 months upto 3 months | 2,321.02 | - | 2,304.68 |
| Over 3 months to 6 months | 6,175.65 | - | 4,019.41 |
| Over 6 months to 1 year | 10,242.35 | - | 9,689.98 |
| Over 1 year to 3 years | 22,314.94 | - | 13,923.80 |
| Over 3 years to 5 years | 2,913.34 | - | - |
| Over 5 years | 86.78 | - | - |
| **Total** | **50,428.45** | **-** | **34,020.88** |

Maturity pattern of certain Assets and Liabilities as on 31 March 2020

| | Assets | | Liabilities |
|---|---|---|---|
| | Advances | Investments | Borrowings |
| 1 day to 30/31 days (one month) | 576.55 | - | 759.07 |
| Over one month to 2 months | 745.63 | - | 1,211.01 |
| Over 2 months upto 3 months | 3,484.56 | - | 899.04 |
| Over 3 months to 6 months | 8,565.59 | - | 3,158.54 |
| Over 6 months to 1 year | 11,772.86 | - | 6,878.85 |
| Over 1 year to 3 years | 12,318.05 | - | 12,730.04 |
| Over 3 years to 5 years | 711.50 | - | 150.00 |
| Over 5 years | 925.51 | - | - |
| **Total** | **39,100.25** | **-** | **25,786.55** |

### (v) Disclosures relating to securitization:

The Company has not undertaken any securitization transactions during the current year and the previous year.

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(vi) For Assignment transaction

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| | No./Amount | No./Amount |
| 1. No. of SPVs sponsored by the NBFC for assignment transactions | 1 | - |
| 2. Total amount of assigned assets as per books of the SPVs sponsored by the NBFC* | 1,186.87 | - |
| 3. Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet* | 118.69 | - |
| (a) Off-balance sheet exposures | | - |
| * First loss | - | - |
| * Others | - | - |
| (b) On-balance sheet exposures | | |
| * First loss | - | - |
| * Others | 118.69 | - |
| 4. Amount of exposures to assignment transactions other than MRR | | |
| (a) Off-balance sheet exposures | | |
| (i) Exposure to own assignment | | |
| * First loss | - | - |
| * Others | - | - |
| (ii) Exposure to third party assignment | | |
| * First loss | - | - |
| * Others | - | - |
| (b) On-balance sheet exposures | | |
| (i) Exposure to own assignment | | |
| * First loss | - | - |
| * Others | - | - |
| (ii) Exposure to third party assignment | | |
| * First loss | - | - |
| * Others | - | - |

*During the current year, the Company has entered into a PTC transaction which meets the conditions of derecognition of financial assets as per Ind AS 109. Accordingly, the Company has derecognized the PTC loans from its Loan balances.

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**(vii) Details of financial assets sold to securtization/reconstruction company for asset reconstruction:**

The Company has not sold financial assets to securtization/reconstruction companies for asset reconstruction in the current and previous year.

**(viii) Details of non-performing financial assets purchased / sold:**

The Company has not purchased / sold non-performing financial assets in the current and previous year.

**(ix) Details of financing of parent company products:**

This disclosure is not applicable as the Company has not entered into any such type of transaction.

**(x) Unsecured advances**

Refer note 7 for unsecured advances. The Company has not given any advances against the rights, licenses, authorizations, etc.

**(xi) Registration obtained from other financial regulators**

The Company has not obtained registration from other financial regulators.

**(xii) Disclosure of penalties imposed by RBI and other regulators**

There were no penalties imposed on the Company by RBI or any other regulator in the current or previous financial year.

**(xiii) Ratings assigned by credit rating agencies and migration of ratings during the year**

| Instrument | Amount | Rating Company | Ratings as at 31 March 2021 | Ratings as at 31 March 2020 |
|---|---|---|---|---|
| | 5,000.00 | India Ratings (Fitch) | BBB (Triple B) with a stable outlook | Not applicable |
| Proposed Long Term Bank Facilities | 2,000.00 | India Ratings (Fitch) | BBB -' (Triple B Minus) with a Positive Outlook | BBB -' (Triple B Minus) with a Positive Outlook |
| Non-Convertible Debentures | 8,000.00 | CARE Ratings | BBB -' (Triple B Minus) with a Positive Outlook | BBB -' (Triple B Minus) with a Positive Outlook |

**(xiv) Draw down from reserves**

There has been no draw down from reserves during the year ended 31 March 2021 (31 March 2020: Nil).

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### (xv) Provisions and Contingencies (shown under the head expenditure in Statement of Profit and Loss)

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Impairment on loans | 787.59 | (1,103.45) |
| Provision for current tax | 75.49 | - |
| Provision for gratuity | 30.82 | 11.43 |

### (xvi) Concentration of Deposits, Advances, Exposures and NPAs

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Concentration of Advances** | | |
| Total advances to twenty largest borrowers | 5,114.86 | 9,686.44 |
| Percentage of advances to twenty largest borrowers to total advances of the Company | 10.14% | 24.77% |
| **Concentration of Exposures** | | |
| Total exposures to twenty largest borrowers/customers | 5,114.86 | 9,686.44 |
| Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/ customers | 10.14% | 24.77% |
| **Concentration of Exposures** | | |
| Total exposures to top four NPA accounts | 583.58 | 835.47 |

### (xvii) Sector-wise NPAs

Percentage of gross NPAs to total advances in that sector

| Sector | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Agriculture & allied activities | 0.00% | 0.00% |
| MSME | 0.00% | 0.00% |
| Corporate borrowers | 4.14% | 2.36% |
| Services | 0.00% | 0.00% |
| Auto loans | 0.00% | 0.00% |
| Other personal loans | 0.00% | 0.00% |

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### (xviii) Customer complaints

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| No. of complaints pending at the beginning of the year | - | - |
| No. of complaints received during the year | 2 | - |
| No. of complaints redressed during the year | 2 | - |
| No. of complaints pending at the end of the year | - | - |

### (xix) Details of investments

This disclosure is not applicable as the Company does not have any investments.

### (xx) Movement of NPAs

| Sl No | Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| i | Net NPAs to Net Advances (%) | 1.55% | 0.71% |
| ii | Movement of NPAs (Gross) | | |
| | (i) Opening balance | 921.47 | 1,461.99 |
| | (ii) Additions during the year | 1,620.03 | 921.47 |
| | (iii) Reductions during the year | (921.47) | (1,461.99) |
| | **(iv) Closing balance** | **1,620.03** | **921.47** |
| iii | Movement of Net NPAs | | |
| | (i) Opening balance | 268.76 | 117.02 |
| | (ii) Additions during the year | 779.70 | 268.76 |
| | (iii) Reductions during the year | (268.76) | (117.02) |
| | **(iv) Closing balance** | **779.70** | **268.76** |
| iv | Movement of provisions for NPAs (excluding provision on standard assets) | | |
| | (i) Opening balance | 652.82 | 1,344.97 |
| | (ii) Provisions made during the year | 840.33 | 652.71 |
| | (iii) Write-back of excess provisions | (652.82) | (1,344.85) |
| | **(iv) Closing balance** | **840.33** | **652.82** |

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(xxi) Disclosure of restructured accounts

| Type of Restructuring | | Others | | | | |
|---|---|---|---|---|---|---|
| | | For Year ended 31 March 2021 | | | | |
| Asset Classification | | Standard | Sub-Standard | Doubtful | Loss | Total |
| Details | | | | | | |
| Restructured Accounts as on 1 April (opening figures) | No. of borrowers | - | 1 | - | - | 1 |
| | Amount outstanding | - | 349.82 | - | - | 349.82 |
| | Provision thereon | - | 4.13 | - | - | 4.13 |
| Fresh restructuring during the year | No. of borrowers | - | 15 | - | - | 15 |
| | Amount outstanding | - | 1,836.87 | - | - | 1,836.87 |
| | Provision thereon | - | 241.20 | - | - | 241.20 |
| Fresh restructuring during the year under COVID Circulars | No. of borrowers | 155 | 3 | - | - | 158 |
| | Amount outstanding | 1,899.67 | 24.88 | - | - | 1,924.55 |
| | Provision thereon | 196.47 | 13.28 | - | - | 209.75 |
| Upgradations to restructured standard category during the FY | 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 gradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - |
| | Amount outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |

(All amounts in ₹ lakhs unless otherwise stated)

## 42 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (Updated as on February 23, 2018) issued by the RBI (Cont'd.)

| Type of Restructuring | | Others | | | | |
|---|---|---|---|---|---|---|
| | | For Year ended 31 March 2021 | | | | |
| Asset Classification | | Standard | Sub-Standard | Doubtful | Loss | Total |
| Details | | | | | | |
| Write-offs of restructured accounts during the FY | No. of borrowers | - | - | - | - | - |
| | Amount outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Restructured Accounts as on 31 March (closing balance) | No. of borrowers | 155 | 19 | - | - | 174 |
| | Amount outstanding | 1,899.67 | 2,211.57 | - | - | 4,111.24 |
| | Provision thereon | 438.40 | 199.20 | - | - | 637.60 |
| Restructured Accounts as on 1 April (opening figures) | No. of borrowers | - | - | - | - | - |
| | Amount outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Fresh restructuring during the year | No. of borrowers | - | 1 | - | - | 1 |
| | Amount outstanding | - | 349.82 | - | - | 349.82 |
| | Provision thereon | - | 4.13 | - | - | 4.13 |
| Upgradations to restructured standard category during the FY | 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 gradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - |
| | Amount outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Summary of Significant Accounting Policies and Other Explanatory Information for the year ended 31-March-2021 (Con'd.)
(All amounts in ₹ lakhs unless otherwise stated)

## 42 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (Updated as on February 23, 2018) issued by the RBI (Cont'd.)

| Type of Restructuring | | Others | | | | |
|---|---|---|---|---|---|---|
| | | For Year ended 31 March 2021 | | | | |
| Asset Classification | | Standard | Sub-Standard | Doubtful | Loss | Total |
| Details | | | | | | |
| Write-offs of restructured accounts during the FY | No. of borrowers | - | - | - | - | - |
| | Amount outstanding | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - |
| Restructured Accounts as on 31 March (closing balance) | No. of borrowers | - | 1 | - | - | 1 |
| | Amount outstanding | - | 349.82 | - | - | 349.82 |
| | Provision thereon | - | 4.13 | - | - | 4.13 |

## 43 Disclosure of frauds as per Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. circular no. RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016

**Instances of fraud for the year ended 31 March 2021**

There were no instances of fraud reported for the year ended 31 March 2021.

**Instances of fraud for the year ended 31 March 2020**

There were no instances of fraud reported for the year ended 31 March 2020.

## 44 Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "nil" or "not applicable" has not been furnished

(All amounts in ₹ lakhs unless otherwise stated)

## 45 Expenditure in foreign currency

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Income in foreign currency** | | |
| Miscellaneous income (service fees) | - | 5.23 |
| **Expenditure in foreign currency** | | |
| Software license fees | 5.89 | - |
| Travel and conveyance | 3.42 | 9.54 |

## 46 Value of import in foreign currency on CIF basis

There are no import of capital goods during the current and previous year.

## 47 Other RBI disclosures

**(a) COVID19 Regulatory Package - Asset Classification and Provisioning Disclosures as per RBI Circular DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020 RBI Circular DOR. No. BP.BC.63/21.04.048/2019-20 dated 17 April 2020 and RBI Circular DOR No. DOR.No.BP. BC.71/21.04.048/2019-20 dated 23 May 2020**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| (i) Respective amounts in SMA/overdue categories, where the moratorium was extended, in terms of paragraph 2 and 3 of the circular*: | 951.05 | 966.12 |
| (ii) Respective amount where asset classification benefits is extended: | Nil | 966.12 |
| (iii) Provisions made during the Q4FY2020 & Q1FY2021 in terms of paragraph 5 of the circular#: | Nil | 4.60 |
| (iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the circular | - | - |

*The disclosure of amounts in SMA/overdues categories, where moratorium was extended as per circular is given for customer balances outstanding as at respective reporting dates.
#Refer Note 16. Provision has been created as per RBI Circular only for those cases which are not secured by way of first default loss guarantee cover.

(All amounts in ₹ lakhs unless otherwise stated)

## 47 Other RBI disclosures (Cont'd.)

(b) Disclosures as per RBI Circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dt. 13 March 2020 for comparison between Income Recognition, Asset Classification and Provisioning (IRACP) norms and Ind AS 109

For 31 March 2021

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | 45,653.50 | 869.21 | 44,784.29 | 265.04 | 604.17 |
| | Stage 2 | 1,318.05 | 230.62 | 1,087.43 | 17.83 | 212.79 |
| Standard assets classified as substandard as per Restructuring guidelines | Stage 1 | 1,501.95 | 166.30 | 1,335.65 | 150.20 | 16.10 |
| | Stage 2 | 334.92 | 123.20 | 211.72 | 33.49 | 89.71 |
| Subtotal | | 48,808.42 | 1,389.33 | 47,419.09 | 466.56 | 922.77 |
| **Non-Performing Assets (NPA)** | | | | | | |
| Substandard | Stage 3 | 1,620.03 | 840.33 | 779.70 | 163.25 | 677.08 |
| Doubtful - up to 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for doubtful | | - | - | - | - | - |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | - | - | - | - | - |
| Other items which are in the scope of Ind AS 109 but not covered under current IRACP norms | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| Total | Stage 1 | 47,155.45 | 1,035.51 | 46,119.94 | 415.24 | 620.27 |
| | Stage 2 | 1,652.97 | 353.82 | 1,299.15 | 51.32 | 302.50 |
| | Stage 3 | 1,620.03 | 840.33 | 779.70 | 163.25 | 677.08 |

Ashv Finance Limited (Formerly known as Jain Sons Finlease Limited)
Summary of Significant Accounting Policies and Other Explanatory Information for the year ended 31-March-2021 (Con'd.)
(All amounts in ₹ lakhs unless otherwise stated)

## 47 Other RBI disclosures (Cont'd.)

For 31 March 2020

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| Performing Assets | | | | | | |
| Standard | Stage 1 | 37,243.05 | 298.73 | 36,944.32 | 148.97 | 149.76 |
| | Stage 2 | 585.91 | 180.42 | 405.49 | 2.34 | 178.08 |
| **Subtotal** | | **37,828.96** | **479.15** | **37,349.81** | **151.32** | **327.83** |
| Non-Performing Assets (NPA) | | | | | | |
| Substandard | Stage 3 | 1,271.29 | 656.84 | 614.45 | 127.13 | 529.71 |
| Doubtful - up to 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| **Subtotal for doubtful** | | **-** | **-** | **-** | **-** | **-** |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | - | - | - | - | - |
| Other items which are in the scope of Ind AS 109 but not covered under current IRACP norms | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| **Subtotal** | | **-** | **-** | **-** | **-** | **-** |
| Total | Stage 1 | 37,243.05 | 298.73 | 36,944.32 | 148.97 | 149.76 |
| | Stage 2 | 585.91 | 180.42 | 405.49 | 2.34 | 178.08 |
| | Stage 3 | 1,271.29 | 656.84 | 614.45 | 127.13 | 529.71 |

## 47 Other RBI disclosures (Cont'd.)

**(c) Disclosures as per RBI Circular DOR.No.BP.BC/4/21.04.048/2020-21 dt. 6 August 2020 for Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to ₹25 Crs.:**

| Type of borrower | (A) Number of accounts where resolution plan has been implemented under this window | (B) exposure to accounts mentioned at (A) before the implementation of the plan |
|---|---|---|
| MSMEs | 158 | 1,961.26 |
| | 158 | 1,961.26 |

c) Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 have been given below:

**(i) Funding Concentration based on significant counterparty on borrowings**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Number of significant counterparties | 13 | 11 |
| Amount of borrowed funds from significant counterparties | 33,528.34 | 25,185.49 |
| Percentage of total deposits | Not applicable | Not applicable |
| Percentage of total liabilities | 92.7% | 90.8% |

**Notes:**

i) A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

ii) Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

**(ii) Top 20 large deposits (amount in ₹ lakhs and % of total deposits) - Not applicable**

**(iii) Top 10 borrowings**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Amount of borrowed funds from top ten significant counterparties* | 30,877.65 | 24,651.24 |
| % of total borrowings# | 90.8% | 95.6% |

**Note:**

*Accrued interest on borrowings have not been considered in above calculation.

#Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

(All amounts in ₹ lakhs unless otherwise stated)

## 47 Other RBI disclosures (Cont'd.)

### (iv) Funding Concentration based on significant instrument / product

| Name of the instrument/product | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Amount* | % of total liabilities | Amount* | % of total liabilities |
| Debt securities | 9,940.01 | 27.5% | 7,972.00 | 28.7% |
| Borrowings (other than debt securities) | 24,080.87 | 66.6% | 17,814.55 | 64.2% |
| Subordinated liabilities | Not applicable | Not applicable | Not applicable | Not applicable |

**Note:**

(i) A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/ products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

(ii) Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

*Figures are based on gross borrowing outstanding and does not includes accrued interest and other Ind AS adjustments.

### (v) Stock ratios in percentage

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| 1. Commercial papers as a % of total liabilities | Not Applicable | Not Applicable |
| 2. Commercial papers as a % of total assets | Not Applicable | Not Applicable |
| 3. Commercial papers as a % of public fund | Not Applicable | Not Applicable |
| 4. Non-convertible debentures (original maturity of less than one year) as a % of total liabilities | 18.3% | 12.3% |
| 5. Non-convertible debentures (original maturity of less than one year) as a % of total assets | 10.8% | 6.6% |
| 6. Non-convertible debentures (original maturity of less than one year) as a % of public fund* | 19.2% | 13.0% |
| 7. Other short-term liabilities as a % of total liabilities | 60.8% | 53.5% |
| 8. Other short-term liabilities as a % of total assets | 36.0% | 28.7% |
| 9. Other short-term liabilities as a % of public fund* | 63.97% | 56.71% |

*Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

### (vi) Institutional set-up for Liquidity Risk Management

Refer note 37.

(All amounts in ₹ lakhs unless otherwise stated)

## 48 Business combination

The Company has acquired 'IntelleCash' business from Arohan on 1 January 2021 as a going concern on slump sale basis. The business acquired consists of loan products and services same as offered by the Company.

**a) Quantitative details of shares acquired and purchase consideration**

| | |
|---|---|
| Purchase consideration - Cash consideration | 6,305.16 |

**b) Disclosure related to net assets acquired in business combination:**

| **Particulars** | **1 January 2021** |
|---|---|
| **Non-financial assets** | |
| (a) Property, Plant and Equipment | 33.20 |
| (b) Other Intangible assets | 1.17 |
| | **34.37** |
| **Financial assets** | |
| (c) Loans (refer note 1 below) | 4,273.27 |
| (d) Other financial assets | 45.27 |
| | **4,318.54** |
| **Total assets** | **4,352.91** |
| **Financial liabilities** | |
| (a) Other financial liabilities | 56.85 |
| **Total liabilities** | **56.85** |
| **Total identifiable net assets as on date of acquisition** | **4,296.06** |
| **Goodwill arising on acquisition** | **2,009.10** |
| **Purchase Consideration transferred** | **6,305.16** |

**Notes:**

1. Loans is net of credit impairment recorded and it is expected that the amounts recorded are fully collectible
2. No contingent liabilities as on the acquisition date
3. The goodwill comprises the value of expected synergies arising from the acquisitions and a workforce list, which is not separately recognized. It does not meet the criteria for recognition as an intangible asset under Ind AS 38. None of the goodwill recognized is expected to be deductible for income tax purposes.

**b) Details pertaining to identifiable intangible assets as on the date of acquisition**

| | |
|---|---|
| Identifiable intangible assets | |
| Software | 1.17 |

(All amounts in ₹ lakhs unless otherwise stated)

## 48 Business combination (Cont'd.)

**c) Details pertaining to acquired receivables as on the date of acquisition**

| | | |
|---|---|---|
| i. | the fair value of the receivables | 4,697.21 |
| ii. | the gross contractual amounts receivable | 4,660.52 |

**d) Disclosure related to combined entity's revenue and profits as if the acquisition had been done at beginning of the period**

| Particulars | Revenue for the year ended 31 March 2021 | Pre-acquisition period revenue | Consolidated Revenue as if the acquisition had been done at the beginning of the year |
|---|---|---|---|
| Revenue | | | |
| Interest income | 9,472.46 | 1,502.98 | 10,975.44 |
| Profit for the year ended 31 March 2021 | 796.35 | 609.52 | 1,405.87 |

## 49 Note on De-merger

The Board of Directors in the meeting held on 22 July 2020 approved the scheme of de-merger of TribeTech Private Limited into and with the Company with an effective date of 1 April 2021. The scheme has been filed with Honorable National Company Law Tribunal ('NCLT') on 15 September 2020. As on date of these financial statements, the scheme is yet to be approved by the NCLT.

## 50 Events after balance sheet date

There are no significant events that have occurred after balance sheet date but before the date of signing of these financial statements.

## 51

The Covid 19 pandemic has impacted most economies globally, including India. The consequent nation-wide lockdown considerably impacted the Company's business operations during the year ended 31 March 2021

In accordance with the Reserve Bank of India guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 Regulatory package', the Company extended moratorium option to all eligible customers in accordance with its Board approved moratorium policies.

**51 (Cont'd.)**

The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. The current second wave of COVID-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of regional lockdown measures in various parts of the country.

The impact, including credit quality and provision, of the Covid-19 pandemic, on the Company, is uncertain and will depend on the spread of Covid-19, the effectiveness of current and future steps taken by the government and the RBI to mitigate the economic impact, and the time it takes for economic activities to return to pre-pandemic levels. This uncertainty is reflected in the Company's assessment of the impairment loss allowance on its loans, which are subject to management judgements and estimates. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial statements.

The Company has been duly servicing its debt obligations, has not taken the benefit of moratorium on any of its borrowings, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business.

The management will continue to monitor any material changes in the macro-economic factors impacting the Company. The provision held by the Company are in excess of RBI prescribed norms.

This is the summary of accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N / N500013

**Manish Gujral**
Partner
Membership No: 105117

**Place:** Mumbai
**Date:** 22 June 2021

For and on behalf of the Board of Directors
**Ashv Finance Limited**
(Formerly known as Jain Sons Finlease Limited)

**Vineet Chandra Rai**
Chairman
DIN: 00606290

**Nikesh Kumar Sinha**
Managing Director
DIN: 08268336

**Kiran Agarwal Todi**
Chief Financial Officer
Place: Mumbai
Date: 22 June 2021

**Monika Variava**
Company Secretary

Ashv

AAVISHKAAR GROUP


**CORPORATE ADDRESS**

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