S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Avanse Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Avanse Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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Key audit matters	How our audit addressed the key audit matter
Impairment of loans as at balance sheet date (expected credit losses) *(as described in Note 6 & 42.4 of the financial statements)*	
Indian Accounting Standard (Ind AS) 109 Financial Instruments requires the Company to provide for impairment of its financial loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the loan portfolio. In the process, a significant degree of judgement and estimate have been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories based on past due status or qualitative assessment; • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • The Company has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in relevant macro-economic factors. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statement, it is considered as a key audit matter.	• Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Involved internal experts specialist for testing of the ECL model. Performed procedures to test the inputs used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Tested assumptions used by the management in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
Information technology (IT) systems and controls	
The financial accounting and reporting systems of the Corporation are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT	• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls in

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

We have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under

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section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone 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

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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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 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

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

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

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

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

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

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(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

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

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements;

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

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

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

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

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

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

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vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 23102102BGXIZE6927
Place of Signature: Mumbai
Date: May 5, 2023

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

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

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

(i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.

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

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

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

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

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

(ii) (b) As disclosed in Note 43.12 (XIII) h to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

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

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

(iii) (c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing education loans to individual customers and education infrastructure loans to non-individual customers, the schedule of

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repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.
Further, except for 1,957 loans classified as credit impaired ('stage 3') with aggregate exposure of principal and interest of Rs. 47.15 crores, 3,540 loans where credit risk has increased significantly since initial recognition ('stage 2') with aggregate exposure of principal and interest of Rs. 199.95 crores and 4,251 loans where the credit risk has not increased significantly since initial recognition but have some overdue of up to 30 days ('stage 1') with aggregate exposure of principal and interest of Rs. 33.12 crores as at March 31, 2023, in respect of which the Company has disclosed asset classification / staging in Note 6 to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties in respect of 1,56,427 loans with aggregate exposure of principal and interest of Rs. 8,124.57 crore are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(iii) (d) In respect of loans and advances in the nature of loans, as disclosed in Note 6 to the standalone financial statements, the total amount outstanding of loans classified as credit impaired ('stage 3') (including loans overdue for more than ninety days) as at March 31, 2023 is Rs. 47.15 crores (1,957 loans). In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

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

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

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

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

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

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

(vii) (b) During the year, the Company has deposited Rs. 7.34 crores and 1.01 crores under protest in connection with a dispute with Income Tax authorities for the financial year 2019-20 and 2020-21.

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

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

(ix) (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) Term loans were applied for the purpose for which the loans were obtained.

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

(ix) (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. The Company does not have any associate or joint venture.

(ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary. The Company does not have any associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

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

(x) (b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures respectively during the year. The funds raised, have been used for the purposes for which the funds were raised..

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

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(xi)	(b)	During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(xi)	(c)	As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
(xii)		The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
(xiii)		Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
(xiv)	(a)	The Company has an internal audit system commensurate with the size and nature of its business.
(xiv)	(b)	The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
(xv)		The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
(xvi)	(a)	The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).
(xvi)	(b)	The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
(xvi)	(c)	The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
(xvi)	(d)	There are no other companies forming part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
(xvii)		The Company has not incurred cash losses in the current year or the immediately preceding financial year.
(xviii)		There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

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

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

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 37 to the financial statements.

(xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 37 to the financial statements.

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

Shrawan

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 23102102BGXIZE6927
Place of Signature: Mumbai
Date: May 05, 2023

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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

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

We have audited the internal financial controls with reference to standalone financial statements of Avanse Financial Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting

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

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

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

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

S.R. BATLIBOI & CO. LLP
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CHARTERED ACCOUNTANTS

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 23102102BGXIZE6927
Place of Signature: Mumbai
Date: May 05, 2023

AVANSE FINANCIAL SERVICES LIMITED

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

(Rs. in Lakhs)

	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
	ASSETS			
I	**Financial assets**			
(a)	Derivative financial instruments		1,472.06	350.99
(b)	Cash and cash equivalents	4	1,09,709.70	63,048.59
(c)	Bank balances other than (b) above	5	3,278.78	2,694.59
(d)	Loans	6	8,37,346.91	4,71,598.64
(e)	Investments	7	6,442.69	1,273.50
(f)	Trade Receivables	8	832.98	269.19
(g)	Other financial assets	9	5,976.52	339.44
			9,65,059.64	**5,39,574.94**
II	**Non-Financial assets**			
(a)	Current tax assets (net)		1,952.84	276.78
(b)	Deferred tax assets (net)	10	2,250.23	1,914.22
(c)	Property, plant and equipment	11	1,308.99	662.98
(d)	Other intangible assets	11	634.48	775.66
(e)	Intangible assets under development	11	464.12	107.97
(f)	Right of use assets	11	348.58	487.78
(g)	Other non-financial assets	12	1,203.11	1,494.96
			8,162.35	**5,720.35**
	Total Assets		**9,73,221.99**	**5,45,295.29**
	LIABILITIES AND EQUITY			
	LIABILITIES			
I	**Financial Liabilities**			
(a)	Trade payables	13		
	- total outstanding dues of micro and small enterprises		77.72	37.70
	- total outstanding dues to creditors other than micro and small enterprises		5,396.02	3,378.85
(b)	Debt securities	14	2,82,387.50	1,15,529.52
(c)	Borrowings (other than debt securities)	15	3,98,116.24	2,37,870.90
(d)	Subordinated liabilities	16	7,707.35	7,695.02
(e)	Other financial liabilities	17	63,564.26	78,989.63
			7,57,249.09	**4,43,501.62**
II	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)		-	192.38
(b)	Provisions	18	136.69	74.62
(c)	Other non-financial liabilities	19	861.65	560.25
			998.34	**827.25**
III	**EQUITY**			
(a)	Equity share capital	20	10,663.80	8,259.19
(b)	Other equity	21	2,04,310.76	92,707.23
	Total equity		**2,14,974.56**	**1,00,966.42**
	Total Liabilities and Equity		**9,73,221.99**	**5,45,295.29**
	The accompanying notes form an integral part of the Standalone Financial Statements	1 to 45		

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

For Avanse Financial Services Limited

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2023

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

AVANSE FINANCIAL SERVICES LIMITED

AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I	**Income**			
	Revenue from operations			
(a)	Interest income	22	88,687.90	47,515.44
(b)	Net gain on fair value changes	23	660.32	394.10
(c)	Net gain on derecognition of financial instrument		2,297.41	-
(d)	Fees and commission income	24	7,313.93	2,918.95
	Total revenue from operations		**98,959.56**	**50,828.49**
(e)	Other income	25	63.21	25.68
	Total income		**99,022.77**	**50,854.17**
II	**Expenses**			
(a)	Finance costs	26	53,984.27	27,388.70
(b)	Impairment on financial instruments	27	4,658.91	1,908.17
(c)	Employee benefits expense	28	9,572.60	6,647.15
(d)	Depreciation and amortisation expense	11	1,330.08	1,287.75
(e)	Other expenses	29	8,343.05	5,076.42
	Total expenses		**77,888.91**	**42,308.19**
III	**Profit before tax**		**21,133.86**	**8,545.98**
IV	**Tax expense**			
(a)	Current tax	30	5,727.94	2,983.45
(b)	Deferred tax	30	(367.53)	(758.05)
	Total tax expense		**5,360.41**	**2,225.40**
V	**Net profit for the year**		**15,773.45**	**6,320.58**
VI	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Actuarial gain on post retirement benefit plans		23.77	16.52
	(ii) Income tax on above		(5.98)	(4.16)
	Subtotal (A)		**17.79**	**12.36**
	(B) Items that will be reclassified to profit or loss			
	(i) Fair value gain/(loss) on derivative financial instrument		284.12	138.91
	(ii) Income tax on above		(71.51)	(34.96)
	Subtotal (B)		**212.61**	**103.95**
	Total other comprehensive income (A+B)		**230.40**	**116.31**
VII	**Total comprehensive income**		**16,003.85**	**6,436.89**
VIII	**Earnings per equity share**	32		
	(Face value of Rs. 10/- each)			
	Basic (Rs.)		18.06	7.65
	Diluted (Rs.)		18.06	7.65
	The accompanying notes form an integral part of the Standalon Financial Statements	1 to 45		

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

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2023

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

AVANSE FINANCIAL SERVICES LIMITED MUMBAI

AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	**Cash flow from operating activities**		
	Profit before tax	21,133.86	8,545.96
	Adjustment for:		
	Interest income on loans	(86,417.47)	(47,413.66)
	Depreciation and amortisation expenses	1,330.08	1,287.75
	Net gain on fair value changes (realised)	(660.32)	(394.43)
	Interest expense on borrowings	48,264.70	24,667.95
	Provision for impairment on financial instruments	1,838.08	1,465.38
	Interest on fixed deposits	(3,536.04)	(1,470.14)
	Baddebts written off	2,820.83	442.78
	ESOP Expenses	490.24	369.20
	Finance cost in Lease Liability	57.20	89.52
	Actuarial loss on post retirement benefit plans	23.77	16.52
	(Profit) / Loss on sale of fixed asset	(10.41)	-
	Operating loss before working capital changes	**(14,665.47)**	**(12,393.16)**
	Operational cash flows from interest		
	Interest received on loans	84,669.98	46,548.30
	Interest paid on borrowings	(41,846.94)	(24,851.02)
	Working capital changes		
	Adjustment for:		
	(Increase) in loans	(3,68,659.69)	(1,79,556.81)
	Decrease / (Increase) in Other non-financial assets	291.84	(387.69)
	(Increase) / Decrease in financial assets	(5,605.27)	26.10
	(Increase) in trade receivables	(563.79)	(9.75)
	(Decrease) / Increase in financial liabilities	(17,526.31)	62,260.48
	Increase in trade payables	2,057.17	1,662.38
	Increase in non financial liabilities	301.40	227.36
	Increase in Provisions	62.07	30.96
	Cash (used in) operations	**(3,61,485.00)**	**(1,06,422.84)**
	Direct taxes paid (net)	(7,642.33)	(3,303.39)
	Net cash (used in) operating activities	**(3,69,127.33)**	**(1,09,726.23)**
B	**Cash flow from investing activities**		
	Investments in mutual fund units	(4,13,485.53)	(2,37,488.62)
	Sale of mutual fund units	4,14,145.85	2,43,385.11
	Investments in T-Bill	(5,201.00)	(1,300.00)
	Interest received on bank deposits	3,536.04	1,470.14
	Purchase of property, plant & equipment and intangible assets	(1,976.82)	(926.85)
	Sale of property, plant & equipment	73.55	-
	Bank deposit not considered as cash and cash equivalents (net)	(584.19)	(1,680.60)
	Net cash (used in) / generated from investment activities	**(3,492.10)**	**3,459.18**
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including share premium)	97,514.05	-
	Proceeds from long-term borrowings	4,26,503.89	2,01,169.85
	Repayment of long-term borrowings	(99,881.13)	(76,647.44)
	Proceeds from short-term borrowings (net)	(4,500.00)	2,511.92
	Finance cost in Lease Liability	(356.27)	(356.91)
	Net cash generated from financing activities	**4,19,280.54**	**1,26,677.42**
	Net Increase in Cash and cash equivalents	46,661.11	20,410.37
	Cash and cash equivalents at the beginning of the year	63,048.59	42,638.22
	Cash and cash equivalents at the end of the year	**1,09,709.70**	**63,048.59**

Notes

1. Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows

2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013

3. For disclosure relating to changes in liabilities arising from financing activities refer note 35

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45

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

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

Shrawan Jalan
Partner
Membership No. 102102
Place: Mumbai
Date: May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place: Delhi

Amit Gainda
Managing Director & Chief Executive Officer
DIN: 09494847
Place: Mumbai

Vineet Mahajan
Chief Financial Officer
Place: Mumbai

Rajesh Gandhi
Company Secretary
Place: Mumbai

Date: May 05, 2023

AVANSE FINANCIAL SERVICES LIMITED

AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2023

A. EQUITY SHARE CAPITAL

(Rs. in Lakhs)

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

Particulars	Balance as at 01-Apr-22	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year	Balance as at 31-Mar-23
Equity Share Capital	8,259.19	-	-	2,404.61	10,663.80

B. OTHER EQUITY

(Rs. in Lakhs)

	Reserves and Surplus						Total
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Cash Flow Hedge Reserve	Statutory Reserve	
Balance as at March 31, 2021	**79,923.27**	**7,469.08**	**0.14**	**494.99**	**(80.68)**	**2,104.34**	**89,911.14**
Profit for the year	-	6,320.58	-	-	-	-	6,320.58
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-	-	-	-
Transferred from statement of profit and loss	-	(1,264.12)	-	-	-	1,264.12	-
Charge for the year in respect of Stock Options	-	-	-	369.20	-	-	369.20
Other comprehensive income for the year	-	12.36			103.95	-	116.31
Balance as at March 31, 2022	**79,923.27**	**12,537.90**	**0.14**	**864.19**	**23.27**	**3,368.46**	**96,717.23**
Profit for the year	-	15,773.45	-	-	-	-	15,773.45
Addition/(Deletion)	95,109.44	-	-	-	-	-	95,109.44
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Transferred from statement of profit and loss	-	(3,154.69)	-	-	-	3,154.69	-
Charge for the year in respect of Stock Options	-	-	38.66	451.58	-	-	490.24
Other comprehensive income for the year	-	17.79	-	-	212.61	-	230.40
Balance as at March 31, 2023	**1,75,032.71**	**25,174.45**	**38.80**	**1,315.77**	**235.88**	**6,523.15**	**2,08,320.76**

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45

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

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2023

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

For Avanse Financial Services Limited

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Director
DIN - 00061170
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Managing Director & Chief Executive Officer
DIN - 09494047
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

AVANSE FINANCIAL SERVICES LIMITED
MUMBAI

AVANSE FINANCIAL SERVICES LIMITED

Notes to the Standalone Financial Statement for the year ended March 31, 2023

1. Corporate Information

Avanse Financial Services Limited (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Debentures of the Company are listed on BSE Limited. The Company is primarily engaged in the business of financing Education Loans to Students and Education Infrastructure Loans. The Company is registered with the Reserve Bank of India (RBI) and Ministry of Corporate Affairs. The registration details are as follows:
RBI B-13.01704
Corporate Identity Number (CIN) U67120MH1992PLC068060

The Company is Systematically Important Non-deposit taking Non-Banking Financial Company. The registered office of the Company is 001 & 002 Fulcrum Building, 'A' Wing, Sahar Road, Near Hyatt Regency Hotel, Andheri (East), Mumbai, Maharashtra- 400 099.

The financial statements of the Company for the year ended March 31, 2023 were approved for issue in accordance with the resolution of the Board of Directors on May 5, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and Preparation of Financial statements

Presentation of financial statements

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

Historical cost convention

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

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

Valuation governance framework

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

Valuation principles

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

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

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly, and
Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

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

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

AVANSE FINANCIAL SERVICES LIMITED MUMBAI

2.2 Property, plant and equipment and Intangible Assets

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

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

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

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

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

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

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

ii. **Intangible:**

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

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

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

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

Impairment on non-financial assets

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

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

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

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

AVANSE FINANCIAL SERVICES LIMITED

2.3 Revenue Recognition

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

a. Interest Income

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

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

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

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

b. Fees and Commission Income

Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behlaf of third parties. The company considers the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, the company excludes the estimates of variable consideration that are constrained. The company applies the five-step approach for recognition of revenue:

i. Identification of contract(s) with customers;
ii. Identification of the separate performance obligations in the contract;
iii. Determination of transaction price;
iv. Allocation of transaction price to the separate performance obligatios; and
v. Recognition of revenue when (or as) each performance obligation is satisfied.

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

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

c. Investment Income

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

d. Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

e. Other Income

Other fees represent documentation charges, ACH/ECS swap charges, cheque bouncing charges, penal interest charges and these are recognised as income when the amounts become due and there is no uncertainty in realisation.

2.4 Leases

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

The Company as a lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–
a) the use of an identified asset,
b) the right to obtain substantially all the economic benefits from use of the identified asset, and
c) the right to direct the use of the identified asset.

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

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

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

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

S.R. Batliboi & Co. LLP Chartered Accountants Mumbai

Avanse Financial Services Limited

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

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

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

Lease liability has been presented in Note 17 "Other Financial Liabilities" and ROU asset has been presented in Note 11 "Property, Plant and Equipment" and lease payments have been classified as financing cash flows.

2.5 Borrowing Costs

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

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

2.6 Employee Benefits

Share-based payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield. The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

Defined Contribution Plan

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

Defined Benefit Obligation

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

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan

Re measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss

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

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Short-term employee benefits

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

Other Long-term employee benefits

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

2.7 Income Tax

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

Current Tax

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

Deferred Tax

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

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

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

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

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

2.8 Goods and Service Tax Input Credit

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

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

i. an entity has a present obligation (legal or constructive) as a result of a past event; and
ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
iii. a reliable estimate can be made of the amount of the obligation

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

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

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
ii. a present obligation arising from past events, when no reliable estimate is possible.

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2.10 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
i. estimated amount of contracts remaining to be executed on capital account and not provided for;
ii. uncalled liability on shares and other investments partly paid;
iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

2.11 Statement of Cash Flows

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

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature
ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.
Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

2.12 Segments

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

2.13 Financial Instruments

Recognition of Financial Instruments

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

Initial Measurement of Financial Instruments

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

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:
• If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

• In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

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

Cash Flow Hedge

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

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2.14 Financial Assets

Subsequent Measurement of Financial Assets:

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

Classification of Financial Assets:

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

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

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

A financial asset is held for trading if:

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

Debt instruments at amortised cost or at FVTOCI

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

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

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

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

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

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

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

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

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

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

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

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Reclassifications

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

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

De-recognition of financial assets

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

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

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

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

Impairment of financial assets

Overview of the Expected Credit Loss principles

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

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

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

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

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

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

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

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

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

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

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

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

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

Significant Increase in Credit Risk:

Accounts which are in 31 - 90 Due Past Days (DPD) bucket will be considered as accounts where there has been a significant increase in credit risk (SICR) since initial recognition but are not credit-impaired.
This definition of Staging is subject to SICR criteria developed, in which case the accounts which meet the SICR criteria will be classified as Stage II even though they have not breached the backstop indicator conditions (i.e. 0-30 DPD).

A. Restructured Asset (COVID-19 Restructuring): The Company has reclassified covid restructured loans under OTR 1.0 and 2.0 by downgrading loans in 0-30 DPD to "Stage II", as a conservative approach for ECL provisioning. Loans which are already in Stage II shall not be further reclassified.

B. Restructured Asset other than COVID-19 Restructuring: If any case is classified as restructured other than covid restructuring, then the account will be downgraded to "sub-standard" .i.e. Stage III.

Derecognition of financial assets

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

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

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

2.15 Financial liabilities and equity instruments

Classification as debt or equity

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

Financial liabilities

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

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

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

Financial liabilities at FVTPL

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

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

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

Financial liabilities subsequently measured at amortized cost

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

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

Derecognition of financial liabilities

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

2.16 Cash and Cash Equivalents

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

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

2.17 Earnings Per Share

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

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

3. Critical accounting judgements and key sources of estimation uncertainties

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

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

Leases:

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

Expected Credit Loss

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

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in Note 42.4

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

4. Cash And Cash Equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash in hand	1.01	0.82
Balances with banks:		
- In Current Accounts	12,387.80	10,019.07
- In Deposit accounts (refer note 4.1 below)	96,250.01	52,787.00
Interest accrued but not due on fixed deposits	1,070.88	241.70
Total	**1,09,709.70**	**63,048.59**

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

5. Other bank balances

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposit accounts under lien against which facilities are availed (refer note 5.1 & 5.2 below)	3,052.61	2,599.61
Interest accrued but not due on fixed deposits	226.17	94.98
Total	**3,278.78**	**2,694.59**

5.1 Encumbrances on Fixed deposits held by the Company

Particulars	March 31, 2023	March 31, 2022
Fixed Deposits pledged for:		
Availing credit enhancement towards securitisation transactions		
DCB Bank	1,525.91	2,598.61
ICICI Bank	1,525.70	-
Bank Overdrafts		
Bank of Baroda	1.00	1.00
Total	**3,052.61**	**2,599.61**

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

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

6. Loans

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Term loans	8,46,588.21	4,79,001.87
Total – Gross (A)	8,46,588.21	4,79,001.87
Less: Impairment loss allowance (refer note 27)	9,241.30	7,403.23
Total – Net (A)	**8,37,346.91**	**4,71,598.64**
(a) Secured by tangible assets	1,82,148.83	1,54,951.73
(b) Secured by accounts receivables, fixed deposits, LIC etc.	16,911.80	28,050.16
(c) Unsecured	6,47,527.58	2,95,999.98
Total – Gross (B)	8,46,588.21	4,79,001.87
Less: Impairment loss allowance	9,241.30	7,403.23
Total – Net (B)	**8,37,346.91**	**4,71,598.64**
(I) Loans in India		
Public Sector	-	-
Others	8,46,588.21	4,79,001.87
Total - Gross (C) (I)	8,46,588.21	4,79,001.87
Less: Impairment loss allowance	9,241.30	7,403.23
Total - Net (C) (I)	**8,37,346.91**	**4,71,598.64**
(II) Loans outside India	-	-
Total (C) (I + II)	**8,37,346.91**	**4,71,598.64**

Refer note 42.4 (i)

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

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

(Rs. in Lakhs)

			As at March 31, 2023		
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**	**PD**
Stage 1 – High quality assets	Loan	8,21,842.37	1,845.43	8,19,996.94	0.05% to 37.08%
Stage 2 – Assets including restructured assets for which there is significant increase in credit risk	Loan	20,024.63	4,123.08	15,901.55	0.05% to 67.20%
Stage 3 - Credit impaired assets	Loan	4,721.21	3,272.79	1,448.42	100%
Total		**8,46,588.21**	**9,241.30**	**8,37,346.91**	

(Rs. in Lakhs)

			As at March 31, 2022		
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**	**PD**
Stage 1 – High quality assets	Loan	4,52,814.27	1,782.76	4,51,031.51	0.03% to 8.26%
Stage 2 – Assets including restructured assets for which there is significant increase in credit risk	Loan	19,997.72	1,949.40	18,048.32	0.03% to 39.18%
Stage 3 - Credit impaired assets	Loan	6,189.88	3,671.07	2,518.81	100%
Total		**4,79,001.87**	**7,403.23**	**4,71,598.64**	

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

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

(Rs. in Lakhs)

FY 2022-23	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,52,814.27	19,997.72	6,189.88	**4,79,001.87**
Transfer during the year				
Transfers to Stage 1	1,006.77	(572.47)	(434.30)	-
Transfers to Stage 2	(2,876.97)	3,562.59	(685.62)	-
Transfers to Stage 3	(1,181.00)	(1,321.25)	2,502.25	-
New credit exposure during the year, net of repayments	3,72,079.30	(1,641.96)	(30.17)	**3,70,407.17**
Amounts written off	-	-	(2,820.83)	**(2,820.83)**
Gross carrying amount closing balance	**8,21,842.37**	**20,024.63**	**4,721.21**	**8,46,588.21**

(Rs. in Lakhs)

FY 2021-22	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,81,050.63	12,835.10	5,136.75	**2,99,022.48**
Transfer during the year				
Transfers to Stage 1	1,461.56	(1,144.23)	(317.33)	-
Transfers to Stage 2	(8,783.38)	8,836.31	(52.93)	-
Transfers to Stage 3	(912.52)	(1,465.73)	2,378.25	-
New credit exposure during the year, net of repayments	1,80,092.73	1,035.00	(705.56)	**1,80,422.17**
Amounts written off	(94.75)	(98.73)	(249.30)	**(442.79)**
Gross carrying amount closing balance	**4,52,814.27**	**19,997.72**	**6,189.88**	**4,79,001.87**

(Rs. in Lakhs)

FY 2022-23	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	1,782.76	1,949.40	3,671.07	**7,403.23**
Transfer during the year				
Transfers to Stage 1	6.23	(4.53)	(1.70)	-
Transfers to Stage 2	(532.95)	660.06	(127.11)	-
Transfers to Stage 3	(642.80)	(859.77)	1,502.57	-
On new credit exposure during the year, net of repayments	1,232.20	2,377.92	1,048.71	**4,658.82**
Amounts written off	-	-	(2,820.75)	**(2,820.75)**
ECL allowance - closing balance	**1,845.43**	**4,123.08**	**3,272.79**	**9,241.30**

(Rs. in Lakhs)

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

6.2 The details of loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

Type of borrower	As at March 31, 2023		As at March 31, 2022	
	Amount of loan or advance in the nature of loan outstanding	**Percentage of the total Loans and Advances in the nature of loans**	**Amount of loan or advance in the nature of loan outstanding**	**Percentage of the total Loans and Advances in the nature of loans**
Promoter	-	-	-	-
Director	-	-	-	-
KMPs	-	-	-	-
Related Parties	-	-	-	-
Total	-	-	-	-

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

7. Investments

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Outside India	-	-
In India		
Equity investment in subsidiary	1.00	-
	1.00	-
At fair value through statement of profit and loss		
Outside India	-	-
In India:		
- Treasury Bill:		
- Treasury Bill (refer note 7.1 & 7.2 below)	6,500.00	1,300.00
- Less : Unamortised Income	(58.31)	(26.50)
Total	**6,441.69**	**1,273.50**
Grand Total	**6,442.69**	**1,273.50**

Note 7.1

Name of instrument	As at March 31, 2023		As at March 31, 2022	
	No of units	Amount	No of units	Amount
Treasury Bill				
182 DTB 28-07-2023 - 6.87%	5,00,000	489.24	-	-
91 DTB 28-04-2023 - 6.51%	10,00,000	995.19	-	-
91 DTB 28-04-2023 - 6.60%	20,00,000	1,990.30	-	-
91 DTB 04-05-2023 - 6.60%	10,00,000	994.08	-	-
182 DTB 15-06-2023 - 6.70%	20,00,000	1,972.88	-	-
364 DTB 20-10-2022 - 4.21%	-	-	3,00,000	293.17
182 DTB 22-09-2022 - 4.21%	-	-	10,00,000	980.33
Total (B)	**65,00,000.00**	**6,441.69**	**13,00,000.00**	**1,273.50**

Note 7.2

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

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8. Trade Receivables

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables- Unsecured; Considered Good	880.69	316.90
Trade Receivables- Unsecured: Which has significant increase in credit risk	-	-
Total	**880.69**	**316.90**
Impairment Loss Allowance	47.71	47.71
Net receivables	**832.98**	**269.19**

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

b) Trade receivables days past due

As at March 31, 2023	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
Estimated total gross carrying amount at default*	-	832.66	0.06	0.06	-	47.91	880.69
ECL - simplified approach	-	-	-		-	47.71	47.71
Net carrying amount	-	**832.66**	**0.06**	**0.06**	-	**0.20**	**832.98**

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

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

*There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

Particulars	Outstanding for following periods from due date of payment					
As at 31 March 2023	0- 6 Months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	832.72	0.06	0.20	-	-	**832.98**
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivable – credit impaired	-	-	-	-	-	-
Total	**832.72**	**0.06**	**0.20**	-	-	**832.98**

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

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9. Others Financial Assets

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits	585.31	339.44
Other advances (Refer note below)	5,391.21	-
Total	**5,976.52**	**339.44**

Note - Other advances include amount Rs 40.85 lakh receivable from wholly owned subsidiary 'Avanse Global Finance IFSC Pvt Ltd'

10. Deferred tax Assets (net)

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Impairment of Financial instruments	2,075.62	1,551.65
Measurement of Financial instruments at amortised cost	(19.56)	196.03
Disallowances under section 43B of the Income Tax Act, 1961	17.80	11.36
Difference between books and tax written down value of fixed assets	176.37	155.18
Total	**2,250.23**	**1,914.22**

(refer note 30.2 & 30.3)

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

(Rs. in Lakhs)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at 01.04.2022	Additions for the year	Deletions for the year	As at 31.03.2023	Up to 01.04.2022	Charge for the year	Deletions for the year	Up to 31.03.2023	As at 31.03.2023
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	295.88	23.42	-	319.30	285.07	15.33	-	300.40	18.90
Computers	620.79	324.84	-	945.63	418.23	188.55	-	606.78	338.85
Office Equipment	417.92	129.59	-	547.51	225.29	97.93	-	323.22	224.29
Furniture and fixtures	104.38	2.24	-	106.62	52.79	16.70	-	69.49	37.13
Vehicle	266.46	660.59	86.02	841.03	73.52	113.02	22.88	163.66	677.37
Total	**1,717.88**	**1,140.68**	**86.02**	**2,772.54**	**1,054.90**	**431.53**	**22.88**	**1,463.55**	**1,308.99**
INTANGIBLE ASSETS									
Computer Software	2,926.83	479.98	-	3,406.81	2,151.17	621.16	-	2,772.33	634.48
Right of use assets - Premises	1,387.88	138.19	-	1,526.07	900.10	277.39	-	1,177.49	348.58

(Rs. in Lakhs)

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

Intangible assets under development aging schedule

(Rs. in Lakhs)

Intangible assets under development	Amount in CWIP for a period FY 2022-23				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	464.12	-	-	-	464.12
Projects temporarily suspended	-	-	-	-	-

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

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12. Other Non-Financial Assets

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid Expenses	293.69	326.76
Balances with Government Authorities	482.02	225.31
Compensated absences Fund	65.97	29.47
Other Advances	361.44	913.42
Total	**1,203.11**	**1,494.96**

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

13. TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	77.72	37.70
- Total outstanding dues of creditors Other than micro enterprises and small enterprises	5,396.02	3,378.85
Total	5,473.74	3,416.55

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

Disclosure pertaining to Micro and Small Enterprises as at March 31,2023 are as under :

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	77.72	37.70
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	**77.72**	**37.70**

Particulars	Outstanding for following periods from due date of payment				
As at 31 March 2023	**0-1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	77.72	-	-	-	77.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	649.91	-	-	-	649.91
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**727.63**	-	-	-	**727.63**

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

*Unbilled dues are of Rs 4,746.11 lakh as on March' 23 (As on March '22- Rs 2,121.67 lakh)

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14. DEBT SECURITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Secured		
Non Convertible Debentures (refer note 14.1 & 14.2)	2,71,497.66	1,08,556.39
Interest accrued but not due on borrowings	10,889.84	4,494.62
Unsecured		
Commercial Papers (refer note 14.2)	-	2,500.00
Less : Unexpired discount on Commercial Papers	-	(21.49)
Total	**2,82,387.50**	**1,15,529.52**
Debt Securities in India	2,82,387.50	1,15,529.52
Debt Securities outside India	-	-
Total	2,82,387.50	1,15,529.52

14.1 Non-convertible debentures aggregating Rs.273,600 lakh (P.Y. 2021-22 Rs.1,09,000 lakh) are secured by way of first charge on freehold land (proportionately) and hypothecation on pool of certain loan fund balances of the Company.

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

(Rs. in Lakhs)

Name of Security	Maturity date	As at March 31, 2023	As at March 31, 2022
Non convertible debentures			
Private Placement - Face value of Rs.10,00,000 each			
9.65% Non- Convertible Debentures	2022-23	-	1,000.00
11.40% Non- Convertible Debentures	2022-23	-	19,500.00
11.40% Non- Convertible Debentures	2022-23	-	10,500.00
10.05% Non- Convertible Debentures	2022-23	-	500.00
9.50% Non- Convertible Debentures	2023-24	5,000.00	5,000.00
9.50% Non- Convertible Debentures	2023-24	5,000.00	5,000.00
8.04% Non- Convertible Debentures	2023-24	9,500.00	-
8.40% Non- Convertible Debentures	2023-24	10,000.00	10,000.00
8.40% Non- Convertible Debentures	2023-24	6,000.00	10,000.00
8.40% Non- Convertible Debentures	2023-24	3,500.00	3,500.00
8.40% Non- Convertible Debentures	2023-24	15,500.00	25,000.00
9.55% Non- Convertible Debentures	2023-24	37,500.00	-
7.40% Non- Convertible Debentures	2024-25	15,000.00	15,000.00
9.05% Non- Convertible Debentures	2024-25	40,000.00	-
9.25% Non- Convertible Debentures	2024-25	15,000.00	-
9.30% Non- Convertible Debentures	2024-25	40,000.00	-
9.25% Non- Convertible Debentures	2025-26	60,000.00	-
9.30% Non- Convertible Debentures	2025-26	100.00	-
10.10% Non- Convertible Debentures	2025-26	2,500.00	2,500.00
10.10% Non- Convertible Debentures	2025-26	1,500.00	1,500.00
9.65% Non- Convertible Debentures	2026-27	7,500.00	-
Total NCD (A)		**2,73,600.00**	**1,09,000.00**
Commercial paper			
Private Placement - Face value of Rs.5,00,000 each			
5.85% Private Placement	2022-23	-	2,500.00
Total commercial paper (B)		**-**	**2,500.00**
Total (C) = (A) + (B)		**2,73,600.00**	**1,11,500.00**
Add : Interest accrued & effective Interest rate adjustments		8,787.50	4,029.52
Total		**2,82,387.50**	**1,15,529.52**

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15. BORROWINGS (OTHER THAN DEBT SECURITIES)

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost (within India)		
Secured		
Term Loans from Banks (refer note 15.1 & 15.2)	3,72,072.75	2,10,874.80
Term Loans from other parties (refer note 15.1 & 15.2)	15,082.66	13,947.94
Cash Credit from Banks (refer note 15.3)	-	2,000.00
Interest accrued but not due on borrowings	69.14	42.86
Total (A)	**3,87,224.55**	**2,26,865.60**
At amortised cost (outside India)		
Secured		
External commercial borrowing (ECB)	10,862.42	10,973.01
Interest accrued but not due on borrowings	29.27	32.29
Total (B)	**10,891.69**	**11,005.30**
Total (C) = (A) + (B)	**3,98,116.24**	**2,37,870.90**

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

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

(Rs. in Lakhs)

Range of Rate of Interest	As at 31.03.2023			
	Up to one year (April 2023 to March 2024)	1-3 years (April 2024 to March 2026)	3 years & above (April 2026 onwards)	Total
6.01 % to 8.00%	490.00	-	-	490.00
8.01 % to 9.00%	20,726.08	40,946.28	27,418.88	89,091.24
9.01 % to 10.00%	67,664.97	1,34,998.77	71,529.16	2,74,192.90
10.01% to 11.00%	14,008.85	16,721.48	4,811.20	35,541.53
Total	**1,02,889.90**	**1,92,666.53**	**1,03,759.24**	**3,99,315.67**
Less: Adjustment on account of Interest Accrued, fair value of ECB & effective interest rate				(1,199.43)
Total				**3,98,116.24**

(Rs. in Lakhs)

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

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

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

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

16. SUBORDINATED LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
Non Convertible Debentures (refer note 16.1)	7,455.84	7,442.79
Interest accrued but not due on borrowings	251.51	252.23
Total	**7,707.35**	**7,695.02**
Debt Securities in India	7,707.35	7,695.02
Debt Securities outside India	-	-
Total	**7,707.35**	**7,695.02**

16.1 Maturity profile and rate of interest/ discounted rate of interest of Subordinated liabilities:

(Rs. in Lakhs)

Name of Security	Maturity date	As at March 31, 2023	As at March 31, 2022
Non convertible debentures			
Private Placement - Face value of Rs.10,00,000 each			
10.50% Non-Convertible Debentures (Unsecured)	2023-24	2,500.00	2,500.00
9.50% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00
9.35% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00
Total		**7,500.00**	**7,500.00**
Add : Interest accrued & effective Interest rate adjustments		207.35	195.02
Total		**7,707.35**	**7,695.02**

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17. OTHER FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Employee Benefits Payable	2,173.91	993.09
Advance received from customers	16,119.08	7,447.50
Book overdraft	11,296.75	21,056.37
Lease liability	405.56	566.43
Amounts payable under securitisation arrangement	33,568.96	48,926.24
Total	**63,564.26**	**78,989.63**

18. PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits		
- Gratuity (refer note 38)	136.69	74.62
Total	**136.69**	**74.62**

19. OTHER NON-FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	861.65	560.25
Total	**861.65**	**560.25**

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20. EQUITY SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
AUTHORISED		
175,000,000 Equity Shares of ₹ 10 each (FY 2021-22 10,00,00,000 Equity Shares of ₹ 10 each)	17,500.00	10,000.00
25,000,000 Preference Shares of ₹ 10 each (FY 2021-22 Nil Preference Shares of ₹ 10 each)	2,500.00	-
	20,000.00	**10,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP 106,638,002 Equity Shares of ₹ 10 each (FY 2021-22 82,591,861 Equity Shares of ₹ 10 each)	10,663.80	8,259.19
	10,663.80	**8,259.19**

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

(Rs. in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	8,25,91,861	8,259.19	8,25,91,861	8,259.19
Shares issued during the year	2,40,46,141	2,404.61	-	-
Shares outstanding at the end of the year	**10,66,38,002**	**10,663.80**	**8,25,91,861**	**8,259.19**

20.1 (b) Rights, Preferences and Restrictions

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

The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	%	Number	%
Olive Vine Investment Ltd*	7,46,97,037	70.05%	6,60,73,488	80.00%
International Finance Corporation Ltd	1,86,74,260	17.51%	1,65,18,373	20.00%
Kedaara Capital Growth Fund III LLP	1,32,66,705	12.44%	-	-

20.1. (d) Shareholding of promoters

As at March 31, 2023			% Change during the year
Promoter Name	**No of Shares**	**% of total shares**	
Olive Vine Investment Ltd*	7,46,97,037	70.05%	(9.95%)

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

* Including shares held jointly with nominee Shareholders

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

21. Other Equity

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium	1,71,032.71	75,923.27
General Reserve	38.80	0.14
Statutory Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	6,523.15	3,368.46
Stock Options Reserve	1,305.77	854.19
Cash Flow Hedge Reserve	235.88	23.27
Retained Earnings	25,174.45	12,537.90
TOTAL	**2,04,310.76**	**92,707.23**

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

Securities premium

Securities premium account is used to record the premium on issue of shares and utilisation towards share issue expenses.

General reserve

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

Statutory Reserve:

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

Stock Options Reserve:

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

Cash Flow Hedge Reserve:

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

Retained earnings:

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

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

22. Interest Income

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial assets measured at amortised cost		
- Interest on Loans	84,928.25	46,044.97
- Interest Income on fixed deposit	3,536.04	1,470.14
- Interest Income from Treasury Bill	223.61	0.33
Total	**88,687.90**	**47,515.44**

23. Net gain on fair value changes

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Realised gain on sale of mutual funds	660.32	394.10
Total	**660.32**	**394.10**

24. Fees and Commission Income

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Type of services		
Forex commission	2,562.15	944.40
Insurance commission	1,599.02	654.25
Prepayment & other fees and charges	3,152.76	1,320.29
Total	**7,313.93**	**2,918.95**

Set out below is the revenue from contracts with customers and reconciliation to the statement of profit and loss

Geographical markets		
- India	7,313.93	2,918.95
- Outside India	-	-
Total	**7,313.93**	**2,918.95**

Timing of revenue recognition		
Services transferred at a point in time	7,313.93	2,918.95
Services transferred over time	-	-
Total	**7,313.93**	**2,918.95**

Note: For receivable balances against the income, refer note no 8.

25. Other Income

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Miscellaneous income	63.21	25.68
Total	**63.21**	**25.68**

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

26. Finance costs

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	29,211.47	15,238.30
Interest on debt securities	20,840.27	10,288.22
Financial liability towards securitisation	3,750.65	1,671.20
Finance cost on lease liability	57.20	89.52
Other finance charges	124.68	101.46
Total	**53,984.27**	**27,388.70**

27. Impairment of financial instruments

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial assets measured at amortised cost		
Provision for expected credit loss	1,838.08	1,465.38
Write Offs	2,820.83	442.79
Total	**4,658.91**	**1,908.17**

28. Employee benefits expense

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Bonus and other allowances	8,845.51	6,138.03
Contribution to Provident Fund and Other Funds (refer note 38)	338.23	276.71
Gratuity (refer note 38)	109.13	94.98
Staff Welfare Expenses	279.73	137.43
Total	**9,572.60**	**6,647.15**

29. Other expenses

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Electricity Charges	76.89	50.58
Security Charges	11.53	8.17
Manpower Outsourcing	900.86	468.23
Rent	190.73	113.98
Office Maintenance	57.35	51.87
Insurance Charges	161.38	130.97
Rates and Taxes	99.23	41.60
Housekeeping Expenses	102.73	81.29
Business Sourcing Expenses	1,567.21	845.69
Travelling and Conveyance	714.60	506.69
Rating Fees	276.01	146.60
Printing and Stationery	91.45	57.24
Postage, Telephone and Fax	149.64	179.90
Advertising	328.84	345.95
Bank Charges	82.20	29.82
Annual Maintenance Charges	1,068.07	251.57
Director's Remuneration & Sitting Fees	88.18	78.04
Legal & Professional Expenses	1,970.20	1,294.42
Auditors' Remuneration (refer note below)	92.65	66.49
Corporate Social Responsibilty expenses (refer note 37)	111.00	81.13
Miscellaneous Expenses	202.30	246.19
Total	**8,343.05**	**5,076.42**

Payments to auditors (including Goods and Services Tax to the extent of credit not availed)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) As auditor and limited reviews	70.85	58.53
b) For other services	19.62	7.63
c) For reimbursement of expenses	2.18	0.33
Total	**92.65**	**66.49**

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

30 Reconciliation of total tax charge

(Rs. in Lakhs)

30.1 Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	5,727.94	2,983.45
Deferred tax	(367.53)	(758.05)
Total income tax expenses recognised in the current year	**5,360.41**	**2,225.40**
Income tax expense recognised in other comprehensive income	77.49	39.12
Income tax expense for the year reconciled to the accounting profit:		
Profit before tax	21,133.86	8,545.98
Income tax rate	25.17%	25.17%
Income tax expense	5,318.97	2,150.85
Tax effect of:		
Others	41.44	74.55
Income tax expense recognised in Profit and Loss	**5,360.41**	**2,225.40**

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

For the year ended March 31, 2023 (Rs. in Lakhs)

30.2 Deferred tax asset / (liability)	Opening balances as on 01.04.2022	Recognised in profit or loss (Expense) / Income	Recognised in other comprehensive income	Closing balances as on 31.03.2023
Impairment of Financial instruments	1,551.65	523.97	-	2,075.62
Measurement of Financial instruments at amortised cost	196.03	(144.08)	(71.51)	(19.56)
Disallowances under section 43B of the Income Tax Act, 1961	11.36	12.42	(5.98)	17.80
Difference between books and tax written down value of fixed assets	155.18	21.19	-	176.37
Total	**1,914.22**	**413.50**	**(77.49)**	**2,250.23**

For the year ended March 31, 2022 (Rs. in Lakhs)

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

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(Rs. in Lakhs)

Sr No.	Particulars	As at March 31, 2023	As at March 31, 2022
31	**Contingent Liabilities And Commitments**		
	Contingent Liabilities	-	-
	Capital Commitments:		
	Undisbursed commitments	79,554.64	49,655.90
	Estimated amount of contracts remaining to be executed on capital account and not provided for	169.74	120.52

Note During the year the company has paid amount of Rs. 7.34 cr for assessment year 2020-21 & amount of Rs. 1.00 cr for assessment year 2021-22 under protest.

32	Earning Per Equity Share	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
	Profit attributable to equity share holders (Rs. in lakh)	15,773.45	6,320.58
	Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (Nos.)	8,73,35,209	8,25,91,861
	Basic and diluted earnings per share (Rs.)	18.06	7.65
	Nominal value per share (Rs.)	10.00	10.00
	Note There is no dilution in the EPS on account of employee stock options issued during the year since the exercise price is equal to the fair value per share		

33 Leasing

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

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

The Company has recognised lease liabilities and right to use assets as follows: (Rs. in Lakhs)

	Particulars	As at March 31, 2023	As at March 31, 2022
I	**Lease Liabilities**		
	Opening Balance	566.43	833.82
	Add: Lease liabilities recognised as on 01 April 2021 on application of Ind AS 116	-	-
	Add: Lease liabilities recognised during the year	138.19	-
	Less: Lease liabilities written off during the year	-	-
	Add: interest accrued on lease liabilities	57.20	89.52
	Less: Lease payments	(356.27)	(356.91)
	Closing Balance of Lease Liabilities	**405.55**	**566.43**
II.	**Right of use assets (RoU assets)**		
	Opening balance	487.78	773.56
	Add: RoU assets recognised as on 01 April 2019 on application of Ind AS 116	-	-
	Add: RoU assets recognised during the year	138.19	-
	Less: RoU assets written off during the year	-	-
	Less: Depreciation on RoU assets	(277.39)	(285.78)
	Closing balance of RoU assets	**348.58**	**487.78**

The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.
Table showing contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

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

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year - contractual undiscounted cash flows	338.38	311.42
One to five years	128.20	356.12
More than five years	-	-
Total	**466.58**	**667.54**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities charged to finance cost	57.20	89.52
Depreciation charge for the period on RoU assets	277.39	285.78
Total	**334.59**	**375.30**

Cash out flow on account of lease payments is Rs 299.07 lakhs (previous year Rs 267.38 lakhs)

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

34 Segment Reporting

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

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

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35 Change in liabilities arising from financing activities

(Rs. in Lakhs)

Particulars	As at April 01, 2022	Cash Flows (Net)	Others (net)*	As at March 31, 2023
Debt securities	1,15,529.52	1,62,100.00	4,757.98	2,82,387.50
Borrowing other than debt securities	2,37,870.90	1,60,022.76	222.57	3,98,116.23
Subordinated liabilities	7,695.02	-	12.33	7,707.35

Particulars	As at April 01, 2021	Cash Flows (Net)	Others (net)*	As at March 31, 2022
Debt securities	89,687.92	21,631.41	4,210.19	1,15,529.52
Borrowing other than debt securities	1,37,088.82	1,01,034.31	(252.2)	2,37,870.90
Subordinated liabilities	7,680.67	-	14.35	7,695.02

* Other column include the effect of accrued but not paid interest on borrowing, amortisation of processing fees and MTM gain on cash flow hedge for ECB, etc

36 Transfer of financial assets

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

Loans and advances measured at amortised cost	As at March 31, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortised cost	43,394.52	55,802.22
Carrying amount of associated liabilities measured at amortised cost	(32,804.3)	(48,808.5)

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

a Gross amount required to be spent by the Company & approved by the board during the year – Rs. 111.00 lakh (Previous Year, Rs.81.13 lakh)

b Details related to spent / unspent obligations:

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	111.00	72.76
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	8.37

c In case of Section 135(5) (Other than ongoing project)

31 March 2023

(Rs. in Lakhs)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
8.37	-	111.00	119.37	-

31 March 2022

(Rs. in Lakhs)

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

38 Employee Benefit:

Defined contribution plan

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

The Company's contribution to Provident Fund aggregating Rs.338.02 lakh (Previous Year: Rs.264.87 lakh) has been recognised in the Statement of Profit and Loss under the head Employees benefit expenses.

Defined benefit obligation plan

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

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

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

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

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Significant assumptions		
Discount rate	7.02%	5.15%
Expected rate of salary increase	10.00%	7.00%
Other assumption		
Mortality rate	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

b) Amount recognised in Balance sheet in respect of these defined benefit obligation

(Rs. in Lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation	290.40	218.69
Fair value of plan assets	153.71	144.07
Net liability	**136.69**	**74.62**

c) Amount recognised in statement of profit and loss in respect of these defined benefit obligation:

(Rs. in Lakh)

Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
Current service cost	106.34	95.17
Net interest cost	2.79	(0.19)
Past service cost	-	-
Total amount recognised in statement of profit and loss	**109.13**	**94.98**
Remeasurements on the net defined benefit liability :		
- Actuarial (gain) / loss	(23.77)	(16.52)
Total amount recognised in other comprehensive income	**(23.77)**	**(16.52)**
Total	**85.36**	**78.46**

The current service cost and the net interest expense for the year are included in the 'Employee benefit expense' line item in the statement of profit and loss.

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d) Movement in the present value of the defined benefit obligation are as follows:

(Rs. in Lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	218.69	178.84
Current service cost	106.34	95.17
Past service cost	-	-
Interest cost	10.21	8.23
Remeasurements (gains)/losses:		
- Actuarial gain from change in demographic assumptions	(15.83)	(9.68)
- Actuarial loss from change in financial assumptions	2.33	9.68
Actuarial gain from change in experience adjustments	(8.04)	(16.15)
Benefits paid	(23.30)	(47.40)
Closing defined benefit obligation	**290.40**	**218.69**

e) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are as follows :

(Rs. in Lakh)

	31st March 2023		31st March 2022	
Particulars	**Discount rate**	**Salary Escalation Rate**	**Discount rate**	**Salary Escalation Rate**
Defined benefit obligation on increase in 100 bps	283.50	295.57	211.62	224.63
Impact of increase in 100 bps on DBO	(2.38%)	1.78%	(3.23%)	2.72%
Defined benefit obligation on decrease in 100 bps	297.68	285.33	226.25	213.00
Impact of decrease in 100 bps on DBO	2.51%	(1.75%)	3.46%	(2.6%)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to note (a) above

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

f) Projected benefits payable:

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Expected benefits for year 1	91.69	40.94
Expected benefits for year 2	67.10	47.65
Expected benefits for year 3	52.70	38.69
Expected benefits for year 4	41.61	32.52
Expected benefits for year 5	31.25	26.81
Expected benefits for year 6 to 10	57.92	60.60

The weighted average duration to the payment of these cash flows is 1.69 years (FY2021-22 : 2.30 years)

The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The said code is made effective prospectively from May 3, 2023. The Company is assessing the impact, if any, of the Code.

The Company expects to contribute approximately Rs 74.62 lakh (previous year Rs 43.66 lakh) to the gratuity fund

g) Investment pattern:

Particulars	FY 2022-23	FY 2021-22
Government securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special deposit scheme	0%	0%
Policy of insurance*	100%	100%
Bank balance	0%	0%
Other investments	0%	0%
Total	**100%**	**100%**

*Components of investment by the insurance company are:

Particulars	FY 2022-23	FY 2021-22
Government securities	100%	100%
Corporate bonds	0%	0%
AAA	0%	0%
AA	0%	0%
[illegible]	0%	0%
Cash, deposits, MMI	0%	0%
Total	**100%**	**100%**

39 **Related Party Disclosure:**

A As per Ind AS 24 — "Related Party Disclosures", following disclosure are made:

Names of related parties and description of Relationship

(i) **Holding Company**
Olive Vine Investment Ltd
(An affiliate of Warburg Pincus LLC)

(ii) **Wholly Owned Subsidiary**
Avanse Global Finance IFSC Private Limited (Date of Incorporation : Jan. 11, 2023)

(iii) **Directors**
Mr. Neeraj Swaroop - Independent director
Mrs. Vijayalakshmi Iyer - Independent director
Mr. Narendra Ostawal - Non executive director
Mrs. Savita Mahajan - Independent director
Mr. Ravi Venkatraman- Independent director (appointed w.e.f. July 5, 2021)
Mr. Amit Gainda- Managing Director (appointed w.e.f. March 2, 2022)

Key Management Personnel
Mr. Amit Gainda - Chief Executive Officer
Mr. Rahul Bhapkar - Chief Financial Officer (resigned w.e.f. June 01, 2021)
Mr. Vineet Mahajan - Chief Financial Officer (appointed w.e.f. September 22, 2021)
Mr. Rakesh Dhanuka - Company Secretary (resigned w.e.f. August 06, 2021)
Mr. Vikas Tarekar - Company Secretary' (resigned w.e.f. August 02, 2022)
Mr. Rajesh Gandhi - Company Secretary' (appointed w.e.f. November 11, 2022)

(iv) **Details of transactions with related parties**

(Rs. in Lakhs)

Name of the related party	March 31, 2023	March 31, 2022
Preference Share Capital issued during the period		
Olive Vine Investment Ltd	31,200.00	-
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	1.00	-
Reimbursement of expenses	40.85	
Key Management Personnel (KMP) Remuneration	547.91	469.76
Director's Commission		
Neeraj Swaroop	21.80	21.80
Vijayalakshmi Iyer	10.90	10.90
Savita Mahajan	10.90	10.90
Ravi Venkatraman	10.90	8.17
Sitting Fees		
Neeraj Swaroop	9.70	6.65
Vijayalakshmi Iyer	7.74	7.52
Savita Mahajan	6.54	5.45
Ravi Venkatraman	9.70	6.65

(Rs. in Lakhs)

Balances as at	March 31, 2023	March 31, 2022
Preference Share Capital		
Olive Vine Investment Ltd	-	-
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	1.00	-
Receivables	40.85	-
Director's Commission		
Neeraj Swaroop	21.80	21.80
Vijayalakshmi Iyer	10.90	10.90
Savita Mahajan	10.90	10.90
Ravi Venkatraman	10.90	8.17

39.1 There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.
39.2 The transactions disclosed above are inclusive of 9% GST, wherever applicable.
39.3 0.001% Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.

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40 **Maturity Analysis of Assets and Liabilities**

(Rs. in Lakhs)

Sr. No.	Assets	March 31, 2023			March 31, 2022		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(1)	**Financial Assets**						
(a)	Derivative financial instruments	-	1,472.06	1,472.06	-	350.99	350.99
(b)	Cash and cash equivalents	1,09,709.70	-	1,09,709.70	63,048.59	-	63,048.59
(c)	Bank balances other than (a) above	147.95	3,130.83	3,278.78	0.60	2,693.99	2,694.59
(d)	Loans	1,85,622.16	6,51,724.75	8,37,346.91	53,235.65	4,18,362.99	4,71,598.64
(e)	Investments	6,441.69	1.00	6,442.69	1,273.50	-	1,273.50
(f)	Trade receivables	832.98	-	832.98	269.19	-	269.19
(g)	Other financial assets	5,421.50	555.02	5,976.52	48.76	290.68	339.44
		3,08,175.98	**6,56,883.66**	**9,65,059.64**	**1,17,876.29**	**4,21,698.65**	**5,39,574.94**
(2)	**Non-financial Assets**						
(a)	Current tax assets (net)	-	1,952.84	1,952.84	-	276.78	276.78
(b)	Deferred tax assets (net)	-	2,250.23	2,250.23	-	1,914.22	1,914.22
(c)	Property, plant and equipment	-	1,308.99	1,308.99	-	662.98	662.98
(d)	Intangible assets under development	-	464.12	464.12	-	107.97	107.97
(e)	Other intangible assets	-	983.06	983.06	-	1,263.44	1,263.44
(f)	Other non-financial assets	688.21	514.90	1,203.11	225.32	1,269.64	1,494.96
		688.21	**7,474.14**	**8,162.35**	**225.32**	**5,495.03**	**5,720.35**
	Total	**3,08,864.19**	**6,64,357.80**	**9,73,221.99**	**1,18,101.61**	**4,27,193.68**	**5,45,295.29**
	LIABILITIES						
(1)	**Financial Liabilities**						
(a)	Trade payables	5,473.74	-	5,473.74	3,416.54	-	3,416.54
(b)	Debt securities	97,838.53	1,84,548.97	2,82,387.50	42,473.13	73,056.39	1,15,529.52
(c)	Borrowings (other than debt securities)	1,02,988.31	2,95,127.93	3,98,116.24	53,121.67	1,84,749.23	2,37,870.90
(d)	Subordinated liabilities	2,747.60	4,959.75	7,707.35	252.23	7,442.79	7,695.02
(e)	Other financial liabilities	18,623.36	44,940.90	63,564.26	29,459.52	49,530.11	78,989.63
	Total Financial Liabilities	**2,27,671.54**	**5,29,577.55**	**7,57,249.09**	**1,28,723.09**	**3,14,778.52**	**4,43,501.61**
(2)	**Non-Financial Liabilities**						
(a)	Current tax liabilities (net)	-	-	-	192.38	-	192.38
(b)	Provisions	-	136.69	136.69	-	74.62	74.62
(c)	Other non-financial liabilities	861.65	-	861.65	560.25	-	560.25
	Total Non-Financial Liabilities	**861.65**	**136.69**	**998.34**	**752.63**	**74.62**	**827.25**
	Total	**2,28,533.19**	**5,29,714.24**	**7,58,247.43**	**1,29,475.72**	**3,14,853.14**	**4,44,328.86**

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41 The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 48,26,799 equity shares of the face value of Rs 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 62 of the Companies Act, 2013. The shareholders of the Company vide their special resolution passed at its 18th extra ordinary general meeting held on February 5, 2020 approved the issue of equity shares of the Company under Avnase Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employement with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, five grants have been made as of 31 March 2023, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

As on March 31, 2023

Grant Date	5-Feb-20	5-Feb-21	1-Jun-21	1-Oct-21	8-Feb-22	7-May-22
Exercise Price	152	193	193	230	230	230
Option Granted	34,27,772	4,64,742	72,623	2,99,665	41,163	2,58,221
Option vested and exercisable	10,78,864	1,39,160	14,451	34,481	6,659	-
Option unvested	18,78,220	2,35,924	54,467	2,52,248	34,504	2,58,221
Option exercised	-	-	-	-	-	-
Option cancelled	4,82,596	1,13,563	14,818	51,741	14,531	15,921
Option Outstanding	29,45,176	3,51,179	57,805	2,47,924	26,632	2,42,300
Weighted average remaining contractual life (years)	1.85	2.85	3.17	3.50	3.86	4.10

Grant Date	1-Jun-22	12-Aug-22	3-Oct-22	20-Oct-22	1-Dec-22
Exercise Price	230	230	230	230	363
Option Granted	2,72,545	1,40,000	50,000	2,50,000	30,000
Option vested and exercisable	-	-	-	-	-
Option unvested	2,72,545	1,40,000	50,000	2,50,000	30,000
Option exercised	-	-	-	-	-
Option cancelled	46,465	-	-	-	-
Option Outstanding	2,26,080	1,40,000	50,000	2,50,000.00	30,000
Weighted average remaining contractual life (years)	4.17	4.37	4.51	4.56	4.67

As on March 31, 2022

Grant Date	5-Feb-20	5-Feb-21	1-Jun-21	1-Oct-21	8-Feb-22
Exercise Price	152	193	193	230	230
Option Granted	34,27,772	4,64,741	72,623	2,99,665	41,163
Option vested and exercisable	7,45,208	81,533	-	-	-
Option unvested	22,49,755	3,17,456	72,623	2,99,665	41,163
Option exercised	-	-	-	-	-
Option cancelled	4,32,809	65,752	-	-	-
Option Outstanding	29,94,963	3,98,989	72,623	2,99,665	41,163
Weighted average remaining contractual life (years)	2.85	3.85	4.17	4.50	4.86

Weighted average fair value of stock options granted during the year is as follows:

Particulars	FY 2023	FY 2022
Grant Date	07-May-22/01-Jun-22/12-Aug-22/03-Oct-22/20-Oct-22/01-Dec-22	1-Jun-21 / 1-Oct-21 / 8-Feb-22
No. of Option Granted	10,00,766	4,13,451
Weighted average fair value Rs.	98.66	88.22

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant Date	5-Feb-20	5-Feb-21	1-Jun-21	1-Oct-21	8-Feb-22	7-May-22
Risk Free Interest Rate (%)	6.1	5.48	5.55	5.47	5.47	7.18
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	17.57	24.53	25	24.93	24.93	23.99
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (Rs.)	152	193	193	230	230	230

Grant Date	1-Jun-22	12-Aug-22	3-Oct-22	20-Oct-22	1-Dec-22
Risk Free Interest Rate (%)	7.18	7.18	7.24	7.24	7.13
Expected life	4 years	4 years	4 years	4 years	4 years
Expected volatility	23.99	23.99	24.15	24.15	24.42
Dividend yield	-	-	-	-	-
Fair market value at the time of option grant (Rs.)	230	230	230	230	363

The Charge on account of above scheme is included in employee benefit expense aggregating Rs.490.24 Lakh (previous year Rs. 369.20 Lakh)

42 Financial Instruments

42.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximize shareholders value and minimise cost of capital. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in financial covenants would permit the lender to immediately call loans and borrowings.

The Company is subject to capital adequacy ratio ("CAR") requirements which are prescribed by the RBI. The Company is currently required to maintain a minimum 15% as prescribed under the prudential norms of the RBI under the Master Direction - Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 based on the total capital to risk weighted assets as part of the governance policy. We generally maintain capital adequacy higher than the statutorily prescribed CAR. The capital adequacy ratio, which was computed on the basis of the applicable RBI requirements, is as below. We believe that our high capital adequacy gives us significant headroom to grow our business.

Capital Risk Adequacy Ratio (CRAR): (Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Funds		
Net owned funds (Tier I Capital)	2,07,649.82	96,054.74
Tier II Capital	4,319.63	5,983.45
Total capital funds	2,11,969.45	1,02,038.19
Total risk weighted assets / exposures	8,52,620.24	4,44,465.52
% of capital funds to risk weighted assets / exposures		
Tier I capital	24.35%	21.61%
Tier II capital	0.51%	1.35%
Total capital funds	24.86%	22.96%

42.2 Fair Value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

Accounting classifications and fair values

(Rs. in Lakhs)

	Carrying Value			Fair Value				
As at March 31, 2023	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments	-	1,472.06	-	**1,472.06**	-	1,472.06	-	**1,472.06**
Cash and cash equivalents	-	-	1,09,709.70	**1,09,709.70**	-	-	-	-
Other bank balances	-	-	3,278.78	**3,278.78**	-	-	-	-
Loans	-	-	8,37,346.91	**8,37,346.91**	-	-	-	-
Investments	6,442.69	-	-	**6,442.69**	-	6,442.69	-	**6,442.69**
Trade Receivables	-	-	832.98	**832.98**	-	-	-	-
Other financial assets	-	-	5,976.52	**5,976.52**	-	-	-	-
Total	**6,442.69**	**1,472.06**	**9,57,144.89**	**9,65,059.64**	-	**7,914.75**	-	**7,914.75**
Financial liabilities								
Trade payables	-	-	5,473.74	**5,473.74**	-	-	-	-
Debt securities	-	-	2,82,387.50	**2,82,387.50**	-	-	-	-
Borrowings (other than debt securities)	-	-	3,98,116.24	**3,98,116.24**	-	-	-	-
Subordinated Liabilities	-	-	7,707.35	**7,707.35**	-	-	-	-
Other financial liabilities	-	-	63,564.26	**63,564.26**	-	-	-	-
Total	-	-	**7,57,249.09**	**7,57,249.09**	-	-	-	-

	Carrying Value			Fair Value				
As at March 31, 2022	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments	-	350.99	-	**350.99**	-	350.99	-	350.99
Cash and cash equivalents	-	-	63,048.59	**63,048.59**	-	-	-	-
Other bank balances	-	-	2,694.59	**2,694.59**	-	-	-	-
Loans	-	-	4,71,598.64	**4,71,598.64**	-	-	-	-
Investments	1,273.50	-	-	**1,273.50**	-	1,273.50	-	**1,273.50**
Trade Receivables	-	-	269.19	**269.19**	-	-	-	-
Other financial assets	-	-	339.44	**339.44**	-	-	-	-
Total	**1,273.50**	**350.99**	**5,37,950.45**	**5,39,574.94**	-	**1,624.49**	-	**1,624.49**
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade payables	-	-	3,416.55	**3,416.55**	-	-	-	-
Debt securities	-	-	1,15,529.52	**1,15,529.52**	-	-	-	-
Borrowings (other than debt securities)	-	-	2,37,870.90	**2,37,870.90**	-	-	-	-
Subordinated Liabilities	-	-	7,695.02	**7,695.02**	-	-	-	-
Other financial liabilities	-	-	78,989.63	**78,989.63**	-	-	-	-
Total	-	-	**4,43,501.62**	**4,43,501.62**	-	-	-	-

Notes

a) All loans given other than digital are at floating interest rate thus, amortised costs equals their fair value
b) Derivative financial instruments are through FVTOCI on account of hedge accounting
c) Investments in mutual funds are valued at fair value using the NAVs quoted by the respective Fund houses on the reporting date
d) Derivatives are fair valued using observable foreign exchange rates and interest rates

Fair value hierarchy

Level 1: [illegible] hierarchy includes financial instruments measured using quoted prices. This includes units of mutual funds (open ended).
Level 2: [illegible] value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
There has been no transfers between level 1, level 2 and level 3 for the year ended 31 March 2023 and 31 March 2022.

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42.3 Fair value measurement

Fair value of financial instruments not measured at fair value

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables, investments, loans and trade and other payables as on March 31, 2023 approximate the fair value because of their short-term nature. Difference between carrying amount and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

As at March 31, 2023	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	8,37,346.91	-	-	8,38,816.84	8,38,816.84
Financials Liabilities					
Debt securities	2,82,387.50	-	-	2,83,880.24	2,83,880.24
Borrowings (other than debt securities)	3,98,116.24	-	-	3,98,144.66	3,98,144.66
Subordinated Liabilities	7,707.35			7,571.33	7,571.33

As at March 31, 2022	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	4,71,598.64	-	-	4,72,177.36	4,72,177.36
Financials Liabilities					
Debt securities	1,15,529.52	-	-	1,11,907.45	1,11,907.45
Borrowings (other than debt securities)	2,37,870.90	-	-	2,36,914.23	2,36,914.23
Subordinated Liabilities	7,695.02	-	-	7,688.56	7,688.56

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Financial assets at amortised cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model.

Off balance sheet

Estimated fair value of off balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual commited cash flows, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

42.4 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Operational risk ;
- Liquidity risk ; and
- Market risk (including interest rate risk)
- Forex risk

Risk management framework

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to several risks related to the lending business and operating environment. The Company has established risk management and audit frameworks to identify, assess, monitor and manage various types of internal and external risks. This framework is driven by the Board through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, identification, monitoring and providing oversight on management of risk of the Company.

i) Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk management structure includes separate credit policies and procedures for various businesses. The credit policies outline the type of products that can be offered, customer categories, the targeted customer profile, prudential limits, exceptional approval metrics etc. and the credit approval process and limits. Credit approvers and relationship managers are responsible for ensuring adherence to these policies.

The Company has structured and standardized credit approval processes which include comprehensive credit risk assessment encompassing analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower. The credit appraisal process includes identification of underlying risks, mitigating factors and residual risks associated with the customer.

Sanctioning authority for credit exposures are based on defined Delegation of Credit Authority. The delegated powers are based on a Committee approach. For cases sanctioned as per delegation of authority, after completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

The Company measures, monitors and manages credit risk at an individual borrower level and at the portfolio level for non-retail borrowers. The credit risk for retail borrowers is managed at the portfolio level. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Stage 1	High quality assets	12 Month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on historical behaviour of the book & roll rates for retail loans.

EAD - The estimated credit exposure at point of default.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on valuation of collaterals and other relevant factors.

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ii) Operational risk

Operational risk is the risk of loss resulting from inadequate internal processes, people or systems, fraud, or from external events. The Company focuses on management and control of operational risks through a comprehensive system of internal controls and monitoring performance of each function against defined thresholds.

Operational risk management comprises identification and assessment of risks and controls, new products and process approval framework, measurement through operational risk incidents, monitoring through key risk indicators and mitigation through process and control enhancement.

iii) Liquidity risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

We manage liquidity risk in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The Company has Rs 68,100 lakh undrawn lines of credit as of March 31, 2023 as against Rs 41,600 lakh as of March 31, 2022, from its bankers for working capital requirements.
The Company has the right to draw upon these lines of credit based on its requirement and terms of draw down.

Exposure to liquidity risk

The following are the details of Company's remaining contractual maturities of financial liabilities and assets at the reporting date. The amounts are gross and undiscounted.

(Rs. in Lakhs)

		Contractual cash flows			
March 31, 2023	**Total**	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Trade payables	5,473.74	5,473.74	-	-	-
Debt securities	3,20,177.67	1,04,976.54	2,08,897.30	6,303.83	-
Borrowings (other than debt securities)	4,77,379.56	1,14,710.87	2,37,749.39	1,14,962.69	9,956.61
Subordinated liabilities	10,075.80	733.03	3,606.74	5,736.03	-
Other financial liabilities	63,564.26	18,623.36	10,685.72	10,939.89	23,315.29
Total	**8,76,671.03**	**2,44,517.54**	**4,60,939.15**	**1,37,942.44**	**33,271.90**
Financial Assets					
Derivative financial instruments	1,472.06	-	-	-	1,472.06
Cash and cash equivalents	1,09,709.70	1,09,709.70	-	-	-
Other bank balances	3,278.78	147.95	79.22	-	3,051.61
Loans	16,18,056.31	1,52,494.99	2,71,048.10	3,68,136.23	8,26,376.99
Investments	6,442.69	6,441.69	-	-	1.00
Trade receivables	832.98	832.98	-	-	-
Other financial assets	5,976.52	5,421.50	321.66	233.36	-
Total	**17,45,769.04**	**2,75,048.81**	**2,71,448.98**	**3,68,369.59**	**8,30,901.66**

(Rs. in Lakhs)

		Contractual cash flows			
March 31, 2022	**Total**	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Trade payables	3,416.51	3,416.51	-	-	-
Debt securities	1,34,467.17	53,241.72	61,818.54	19,406.91	-
Borrowings (other than debt securities)	2,89,167.25	71,506.08	1,19,382.15	75,343.31	22,935.70
Subordinated liabilities	10,354.06	733.75	3,869.69	942.50	4,808.12
Other financial liabilities	78,989.63	29,459.52	15,965.99	17,071.82	16,492.31
Total	**5,16,394.62**	**1,58,357.58**	**2,01,036.37**	**1,12,764.54**	**44,236.13**
Financial Assets					
Derivative financial instruments	350.99	-	-	-	350.99
Cash and cash equivalents	63,048.61	63,048.61	-	-	-
Other bank balances	2,694.59	0.60	95.38	-	2,598.61
Loans	7,85,442.89	1,07,639.85	1,57,247.21	1,87,544.00	3,33,011.83
Investments	1,273.50	1,273.50	-	-	-
Trade receivables	269.19	269.19	-	-	-
Other financial assets	339.43	48.75	246.33	33.55	10.80
Total	**8,53,419.20**	**1,72,280.50**	**1,57,588.92**	**1,87,577.55**	**3,35,972.23**

The gross inflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

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iv) **Market risk (interest risk)**

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

Exposure to interest rate risk

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Financial assets		
Fixed-rate instruments		
Term loans	79,793.65	48,583.31
Investment in treasury bill	6,441.69	1,273.50
Floating-rate instruments		
Term loans	7,57,553.06	4,23,015.33
Investment in mutual fund	-	-
Total	8,43,788.40	4,72,872.14
Financial liabilities		
Fixed-rate instruments		
Non convertible debentures	2,82,387.50	1,20,746.03
Commercial paper	-	2,478.51
Floating-rate instruments		
Loan from Banks & FIs	3,87,224.55	2,26,865.60
External commercial borrowing	10,891.69	11,005.30
Non convertible debentures	-	-
Total	6,80,503.74	3,61,095.44

Fair value sensitivity analysis for Floating-rate instruments

The sensitivity analysis below have been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were constant, the Company's profit before tax would have changed by the following:

(Rs. in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans				
Term loans	7,575.53	(7,575.53)	4,230.15	(4,230.15)
Investment in mutual fund	-	-	-	-
Floating rate borrowings				
Loan from Banks & FIs	(3,872.25)	3,872.25	(2,268.66)	2,268.66
External commercial borrowing	(108.92)	108.92	(110.05)	110.05
Non convertible debentures	-	-	-	-
	3,594.37	(3,594.37)	1,851.44	(1,851.44)

v) **Forex risk**

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

(Rs. in Lakhs)

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2023						
INR USD - Cross currency swap	10,013.14	1,472.06	-	Derivative Financial Instruments	73.66	-
March 31, 2022						
INR USD - Cross currency swap	11,049.00	250.99	-	Derivative Financial Instruments	73.66	

Hedged Item

(Rs. in Lakhs)

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at - (Debit)/ Credit -	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2023				
External Commercial Borrowings	(1,109.98)	235.88	-	NA
March 31, 2022				
External Commercial Borrowings	(319.90)	23.27	-	NA

The impact of the cashflow hedges in other comprehensive income:

(Rs. in Lakhs)

Particulars	Hedging gains or losses recognised in other comprehensive income	
	March 31, 2023	March 31, 2022
Cross currency swap	264.12	138.91

(VI) **Price Risk**

The Company is not exposed to any other price risk.

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43 The below disclosures required pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended) and other related circulars.

43.01 **Disclosure requirements as per RBI circular dated March 13, 2020 having reference number RBI/2019-20/170 , DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as per para 2 of Prudential Floor of ECL**

31 March 2023 (Rs. in Lakhs)

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	8,21,842.37	1,845.43	8,19,996.94	3,287.37	(1,441.94)
	Stage 2	20,024.63	4,123.08	15,901.55	80.10	4,042.98
Subtotal		**8,41,867.00**	**5,968.51**	**8,35,898.49**	**3,367.47**	**2,601.04**
Non-Performing Assets						
Substandard	Stage 3	2,481.16	1,329.21	1,151.95	248.12	1,081.09
Doubtful						
Upto 1 year	Stage 3	838.03	666.90	171.13	270.77	396.13
1 to 3 years	Stage 3	1,274.79	1,189.15	85.64	563.94	625.21
More than 3 years	Stage 3	127.23	87.53	39.70	91.34	(3.81)
Subtotal for doubtful		**2,240.05**	**1,943.58**	**296.46**	**926.05**	**1,017.53**
Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	8,21,842.37	1,845.43	8,19,996.94	3,287.37	(1,441.94)
	Stage 2	20,024.63	4,123.08	15,901.55	80.10	4,042.98
	Stage 3	4,721.21	3,272.79	1,448.42	1,174.17	2,098.62
		8,46,588.21	**9,241.30**	**8,37,346.91**	**4,541.64**	**4,699.66**

31 March 2022 (Rs. in Lakhs)

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	4,52,814.27	1,782.76	4,51,031.51	1,811.26	(28.50)
	Stage 2	19,997.72	1,949.40	18,048.32	1,387.23	562.17
Subtotal		**4,72,811.99**	**3,732.16**	**4,69,079.83**	**3,198.49**	**533.67**
Non-Performing Assets						
Substandard	Stage 3	1,862.41	1,008.01	854.40	186.24	821.77
Doubtful						
Upto 1 year	Stage 3	1,432.20	869.52	562.68	879.80	(10.28)
1 to 3 years	Stage 3	2,822.44	1,760.06	1,062.38	1,798.99	(38.93)
More than 3 years	Stage 3	72.83	33.48	39.35	45.61	(12.13)
Subtotal for doubtful		**4,327.47**	**2,663.06**	**1,664.41**	**2,724.40**	**(61.34)**
Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	4,52,814.27	1,782.76	4,51,031.51	1,811.26	(28.50)
	Stage 2	19,997.72	1,949.40	18,048.32	1,387.23	562.17
	Stage 3	6,189.88	3,671.07	2,518.81	2,910.64	760.43
		4,79,001.87	**7,403.33**	**4,71,598.64**	**6,109.13**	**1,294.10**

Notes

a. The Company has made provision for expected credit loss as per the requirements of the Accounting Standards which is higher than that required by the aforesaid RBI circular.

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

43.02 **Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated 4th November 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies**

Qualitative Disclosure on Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the liquidity position in a stress scenario. Reserve Bank of India introduced LCR requirement for all deposit taking NBFCs and non-deposit taking NBFCs with an asset size of Rs.5,000 crore and above but less than Rs 10,000 crore. LCR will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. HQLA refers to the category of liquid assets that can be readily sold or immediately converted into cash at a little loss of value or used as collateral to obtain funds in a range of stress scenarios. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk management framework as required under RBI guidelines. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing a Company's stock of HQLA by it's total net cash outflows over a 30 -day stress period. The guidelines for LCR were effective from 1st December 2020 with the minimum LCR to be 30%, progressively increasing, till reaches the required level of 100% by 1st December, 2024 as follows:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum LCR	30%	50%	60%	85%	100%

In order to determine HQLA, Company considers Cash and Bank Balances, Investment in Treasury bill without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per guidelines, stressed cash flows is to be computed by assigning a predefined stress percentage to the overall cash inflows (i.e. 115%) and cash outflows (with haircut of 25%). Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly, LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3- notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine inflows from fully performing exposures, Company considers the contractual repayments from performing advances in next 30 days. Other Cash inflows includes investments in liquid mutual funds, and other assets which are maturing within 30 days.

Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended 31 March 2023 is given below: (Rs. in Lakhs)

	Quarter ended 31-Mar-23		Quarter ended 31-Dec-22		Quarter ended 30-Sep-22		Quarter ended 30-Jun-22	
	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average
High quality liquid assets								
1 Total high quality liquid assets	**1,16,152.39**	**1,16,152.39**	**71,207.07**	**71,207.08**	**1,21,823.31**	**1,21,823.31**	**64,273.76**	**64,273.75**
(i) Cash & Bank balances	1,09,709.70	1,09,709.70	63,806.46	63,806.46	1,20,067.63	1,20,067.63	62,986.75	62,986.75
(ii) Investment in T-Bills	6,442.69	6,442.69	7,400.61	7,400.61	1,755.69	1,755.69	1,287.01	1,287.01
(iii) Investment in Mutual Fund	-	-	-	-	-	-	-	-
Cash outflows								
2 Term loans	2,842.29	3,268.63	3,068.26	3,528.50	2,830.99	3,255.64	2,173.55	2,499.58
3 Debts	7,000.00	8,050.00	2,812.65	3,234.55	2,357.04	2,710.60	7,764.80	8,929.52
4 Other contractual funding obligations	11,811.27	13,582.96	14,240.15	16,376.18	17,793.02	20,461.98	27,278.20	31,369.93
5 Other non financial liabilities	861.65	990.89	647.75	744.92	768.41	883.67	566.65	651.65
Total cash outflows	**22,515.21**	**25,892.50**	**20,768.82**	**23,884.14**	**23,749.45**	**27,311.87**	**37,783.19**	**43,450.68**
Cash inflows								
7 Loans	17,428.95	13,071.71	22,180.68	16,635.51	18,749.22	14,061.91	13,609.70	10,207.27
8 Inflows from fully performing exposures	-	-	-	-	-	-	-	-
9 Other cash inflows	-	-	-	-	-	-	-	-
Total cash inflows	**17,428.95**	**13,071.71**	**22,180.68**	**16,635.51**	**18,749.22**	**14,061.91**	**13,609.70**	**10,207.27**
	Total adjusted value		**Total adjusted value**		**Total adjusted value**		**Total adjusted value**	
Total HQLA		**1,16,152.39**		**71,207.08**		**1,21,823.31**		**64,273.75**
Total Net Cash Outflows		**12,820.79**		**7,248.63**		**13,249.96**		**33,243.41**
Liquidity Coverage Ratio (%)		**905.97%**		**982.35%**		**919.42%**		**193.34%**

Note: The figures above are excluding interest

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

43.03 **Capital Risk Adequacy Ratio** (Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Funds		
Net owned funds (Tier I Capital)	2,07,649.82	98,054.74
Tier II Capital	4,319.63	3,983.45
Total capital funds	2,11,969.45	1,02,038.19
Total risk weighted assets / exposures	8,52,620.24	4,44,465.52
% of capital funds to risk weighted assets / exposures		
Tier I capital	24.35%	21.61%
Tier II capital	0.51%	1.35%
Total capital funds	24.86%	22.96%

43.04 Exposures: (Rs. in Lakhs)

		As at March 31, 2023	As at March 31, 2022
I	**Exposure to Real Estate Sector**		
a)	**Direct Exposure**		
(i)	**Residential Mortgages-**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lakh may be shown separately)	41,253.85	45,523.67
(ii)	**Commercial Real Estate-**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures-**		
	a) Residential	-	-
	b) Commercial Real Estate	-	-
b)	**Indirect Exposure**		
	Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
	Total Exposure to Real Estate	**41,253.85**	**45,523.67**

Note

In line with RBI Circular dated September 9, 2009 on Classification of Exposure as Commercial Real Estate (CRE) by Banks, an exposure would be classified as 'CRE' only if the repayment of loan is dependent on the cash flows generated from real estate asset (e.g. rentals/sales proceeds). However, the primary source of repayments in case of Education Institution Loans are the cash flows generated from business operations of such institutions (e.g. Tuition Fees / School Fees etc.) and not from rentals / sale proceeds. Hence, such exposures shall not be categorised as 'CRE' and accordingly relevant disclosure is being reflected and reported as 'NIL'.

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(Rs. in Lakhs)

II	Exposure to Capital Market	As at March 31, 2023	As at March 31, 2022
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds	-	-
	Total Exposure to Capital Market	-	-

III	**Details of financing of parent company products**	-	-
IV	**Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**	-	-
V	**Unsecured Advances**		
	Amount of advances given against intangible securities	-	-
VI	**Intra-group exposures**		
	i) Total amount of intra-group exposures*	41.85	-
	ii) Total amount of top 20 intra-group exposures	41.85	-
	iii) Percentage of intra-group exposures to total exposures of the NBFC on borrower/customer	0.00%	-
	*Exposure includes investment made in wholly owned subsidiary and Other receivables there of		
VII	**Unhedged foreign currency exposure**		
	There are no unhedged foreign currency exposure as at March 31, 2023 and March 31, 2022. For details refer to note 7.13		

43.05 Derivatives

(Rs. in Lakhs)

Interest rate swap	As at March 31, 2023	As at March 31, 2022
The notional principal of swap agreements	10,013.14	11,049.00
Losses which would be incurred of counterparties failed to fulfil their obligations under the agreements	1,156.84	319.88
Collateral required by the NBFC upon entering into swaps	-	-

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26 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities.

(Rs. in Lakhs)

Particulars	0 to 7 days	8 to 14 days	15 days to 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities											
Borrowing from Banks / FIs	167.83 (2,000.00)	116.50 (220.74)	2,557.96 (1,287.63)	5,256.23 (2,183.62)	13,694.56 (7,727.35)	24,867.65 (12,784.05)	54,917.19 (25,841.14)	1,89,904.29 (94,030.71)	92,803.66 (64,281.25)	2,938.69 (16,500.11)	3,87,224.55 (2,26,865.50)
Market Borrowings	- (-)	- (-)	7,000.00 (-)	1,055.00 (2,500.00)	5,365.68 (344.20)	45,416.69 (3,758.99)	41,748.75 (36,122.17)	1,79,155.22 (57,000.00)	10,353.51 (19,000.00)	- (4,499.18)	2,90,094.86 (1,23,224.54)
Foreign currency liabilities	- (-)	- (-)	- (-)	- (-)	374.55 (32.30)	345.28 (345.28)	690.56 (690.56)	2,762.25 (2,416.96)	2,762.25 (2,762.25)	3,956.80 (4,757.95)	10,891.69 (11,005.30)
Assets											
Loans	9,867.47 (4,475.54)	4,933.74 (2,237.77)	11,627.75 (2,237.77)	18,754.59 (5,897.80)	17,969.90 (5,672.90)	49,099.69 (15,969.37)	73,369.03 (16,744.48)	3,32,709.69 (54,857.79)	1,64,856.57 (1,06,765.17)	1,54,158.49 (2,56,740.05)	8,37,346.91 (4,71,598.64)
Investments	- (-)	- (-)	2,985.49 (-)	994.08 (-)	1,972.88 (-)	489.24 (979.62)	- (293.88)	- (-)	- (-)	1.00 (-)	6,442.69 (1,273.50)

(Previous years figures are denoted in brackets).

Notes:

a) Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.
b) The above statement includes only certain items of assets and liabilities and therefore does not reflect the complete asset liability maturity pattern of the Company.
c) Above maturity pattern is after considering the impact of Moratorium benefit extended by the Company to the customers, if any.

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

43.07 Particulars (Rs. in Lakhs)

	Liabilities side	Amount outstanding	Amount overdue
(I)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a)	Debentures		
	(i) Secured	2,82,387.50	-
		(1,13,051.01)	(-)
	(ii) Unsecured (other than falling within the meaning of public deposits)	-	-
		(-)	(-)
(b)	Deferred Credits	-	-
		(-)	(-)
(c)	Term Loans	3,87,224.55	-
		(2,24,865.61)	(-)
(d)	Inter-corporate loans and borrowing	-	-
		(-)	(-)
(e)	Subordinated Liabilities	7,707.35	-
		(7,695.02)	(-)
(f)	Commercial Paper (net of unamortised discount)	-	-
		(2,478.51)	(-)
(g)	Other Loans (Please Specify)		
	External commercial borrowing	10,891.69	-
		(11,005.30)	(-)
	Cash Credits	-	-
		(2,000.00)	(-)

Note : Figures in bracket represents numbers pertaining to previous year

	Assets side	Amount outstanding
(II)	Break up of Loans and Advances including bills receivables (other than those included in (IV) below):	
(a)	Secured	1,99,060.63
		(1,83,001.89)
(b)	Unsecured	6,47,527.58
		(2,95,999.98)
(III)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:	
(a)	Lease assets including lease rentals under sundry debtors	
	(i) Financial Lease	-
		(-)
	(ii) Operating Lease	-
		(-)
(b)	Stock on hire including hire charges under sundry debtors	
	(i) Assets on hire	-
		(-)
	(ii) Repossessed Assets	-
		(-)
(c)	Other loans counting towards AFC activities:	-
		(-)
	(i) Loans where assets have been repossessed	-
		(-)
	(ii) Loans other than (a) above	-
		(-)
(IV)	Break – up of Investments:	
(a)	Current Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others (Please Specify)	-
		(-)
	2. Unquoted	-
	(i) Shares	(-)
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Treasury Bills	6,441.69
		(1,273.50)
	(vi) Others (Please Specify)	

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

(b)	Long Term Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	- (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	- (-)
	(iv) Government Securities	- (-)
	(v) Others (Please Specify)	- (-)
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	1.00 (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	- (-)
	(iv) Government Securities	- (-)
	(v) Others	- (-)

(V) Borrower group – wise classification of assets financed as in (II) and (III) above: **(Rs. in Lakhs)**

	Category	Amount net of provisions		
		Secured	Unsecured	Total
(a)	Related Parties			
	(i) Subsidiaries	- (-)	- (-)	- (-)
	(ii) Companies in the same group	- (-)	- (-)	- (-)
	(iii) Other related parties	- (-)	- (-)	- (-)
(b)	Other than related parties	1,99,060.63 (1,83,001.89)	6,47,527.58 (2,95,999.98)	8,46,588.21 (4,79,001.87)
		1,99,060.63 (1,83,001.89)	**6,47,527.58** (2,95,999.98)	**8,46,588.21** (4,79,001.87)
	Less: Provision for non-performing assets	5,717.96 (4,684.22)	3,523.34 (2,719.01)	9,241.30 (7,403.23)
	Total	**1,93,342.67** (1,78,317.67)	**6,44,004.24** (2,93,280.98)	**8,37,346.91** (4,71,598.65)

(VI) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

	Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
(a)	Related Parties		
	(i) Subsidiaries	1.00 (-)	1.00 (-)
	(ii) Companies in the same group		
	(iii) Other related parties	(-)	(-)
(b)	Other than related parties	6,441.69 (1,273.50)	6,441.69 (1,273.50)
	Total	**6,442.69** (1,273.50)	**6,442.69** (1,273.50)

(VII) Other Information:

	Particulars	(Rs. in Lakhs)
(a)	Gross Non – Performing Assets	
	(i) Related Parties	- (-)
	(ii) Other than related parties	4,721.21 (6,189.88)
(b)	Net Non – Performing Assets	
	(i) Related Parties	- (-)
	(ii) Other than related parties	1,448.42 (2,518.81)
(c)	Assets acquired in satisfaction of debt	- (-)

(Previous years figures are denoted in brackets)

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43.08 Disclosure pursuant to Resolution Framework for COVID-19 related stress

43.08(i) Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 and Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 5 May 2021 as at March 31, 2023 is given below:

(Rs. in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous Half year end 30th September 2022(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended 31st March 2023	Of (A), aggregate debt that were written off during the half-year ended 31st March 2023	Of (A) amount paid by the borrowers during the half-year ended 31st March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half-year ended 31st March 2023
Personal Loans	5,477.47	62.86	-	887.44	4,527.17
Corporate Persons of which MSMEs	-	-	-	-	-
*MSME<25crs	10,745.64	211.88	-	1,019.06	9,514.70
Others	-	-	-	-	-
Total	**16,223.11**	**274.74**	-	**1,906.50**	**14,041.87**

* MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose etc of the borrower

43.09 Details of outstanding amount of securitised assets as per books of the SPVs sponsored by the Company and the total amount of exposures retained by the Company as on March 31, 2023 towards the Minimum Retention Requirements (MRR):

(Rs. in Lakhs)

Sr.No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	No of SPVs sponsored by the NBFC for securitisation transactions	6	5
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	**32,804.29**	**48,858.61**
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	8,756.67	7,760.90
a	Off balance sheet exposures		
	* First Loss		
	* Others		
b	On Balance sheet exposures	**8,756.67**	**7,760.90**
	First Loss	3,051.61	2,598.61
	Others	5,705.06	5,162.29
4	Amount of exposures to securitisation transactions other than MRR		
a	Off balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss		
	* Others		
	ii) Exposure to third party securitisations		
	* First loss		
	* Others		
b	On Balance sheet exposures	**453.55**	**453.55**
	i) Exposure to own securitisations	453.55	453.55
	* First loss	453.55	453.55
	* Others		
	ii) Exposure to third party securitisations		
	* First loss		
	* Others		

43.10 Details of assignment transactions undertaken by NBFC during the year:

(Rs. in Lakhs)

Sr.No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	No. of accounts	235	-
2	Aggregate value (net of provisions) of accounts sold	23,665.48	-
3	Aggregate consideration	21,298.93	-
4	Additional consideration realised in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

No assignement transactions were undertaken during the financial year 2021-22

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43.11 Investments

(Rs. in Lakhs)

	Particulars	As at March 31, 2023	As at March 31, 2022
(a)	**Value of Investments**		
(i)	Gross Value of Investments		
	(a) in India	6,442.69	1,273.50
	(b) outside India	-	-
(ii)	Provision for depreciation		
	(a) in India	-	-
	(b) outside India	-	-
(iii)	Net Value of Investments		
	(a) in India	6,442.69	1,273.50
	(b) outside India	-	-
(b)	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balances	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

43.12 **Additional & Miscellaneous Disclosures:**

(I) **Registration obtained from other financial sector regulators**

Company has not registered with other financial sector regulators except with Insurance Regulatory and Development Authority of India (IRDAI)

(II) Disclosure of Penalties imposed by RBI and other regulators

(III) **Ratings assigned by credit rating agencies and migration of ratings during the year:**

FY 2022-23

Rating particulars	Rating Agency	Rating assigned
Short Term Debt Programme		
Commercial Paper	CARE Limited	CARE A1+
Long Term Debt Programme		
Non-Convertible Debentures	Brickwork Ratings India Pvt. Ltd.	BWR A+
	CARE Limited	CARE A+
Loan Facility	CARE Limited	CARE A+

FY 2021-22

Rating particulars	Rating Agency	Rating assigned
Short Term Debt Programme		
Commercial Paper	CARE Limited	CARE A1+
Long Term Debt Programme		
Non-Convertible Debentures	Brickwork Ratings India Pvt. Ltd.	BWR A+
	CARE Limited	CARE A+
Loan Facility	CARE Limited	CARE A+

(IV) **Net Profit or Loss for the period, prior period items and changes in accounting policies:**

There are no prior period items and changes in accounting policies impacting net profit for the year.

(V) **Revenue Recognition:**

Revenue Recognition has not been postponed on account of pending resolution of significant uncertainties in respect of any revenue streams of the Company.

(VI) Provisions and Contingencies

(Rs. in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head expenses in the Statement of Profit and Loss	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Provisions for depreciation on Investment	-	-
Provision towards NPA / ECL stage 3	(398.28)	(190.35)
Provision made towards Income tax	5,727.94	2,983.45
Other Provision and Contingencies (with details)	-	-
Provision for standard assets / ECL stage 1 & stage 2	2,236.35	1,655.73

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

(VII)	**Draw Down from Reserves**	Nil	Nil

(VIII) Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits (for deposit taking NBFCs)

			(Rs. in Lakhs)
	Total Deposits of twenty largest depositors (Rupees in lakh)	NA	NA
	Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA	NA

(b) Concentration of Advances

			(Rs. in Lakhs)
	Total advances to twenty largest borrowers (Rupees in lakh)	12,626.34	15,105.66
	Percentage of advances to twenty largest borrowers to total advances of the NBFC	1.49%	3.15%

(c) Concentration of Exposures

			(Rs. in Lakhs)
	Total exposure to twenty largest borrowers / customers (Rupees in lakh)	12,677.39	15,530.54
	Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	1.37%	2.94%

(d) Concentration of NPAs

			(Rs. in Lakhs)
	Total exposure to top four NPA accounts (Rupees in lakh)	1,399.19	1,226.01

(e) Percentage of NPAs to Total Advances in that sector

	Sector	As at March 31, 2023	As at March 31, 2022
	Agriculture & allied activities	-	-
	MSME	5.72%	43.29%
	Corporate borrowers	82.14%	19.16%
	Unsecured personal loans	0.17%	0.18%
	Other Services	1.55%	1.11%

(Rs. in Lakhs)

(IX)	**Movement of NPAs**	As at March 31, 2023	As at March 31, 2022
(i)	Net NPAs to Net Advances (%)	0.17%	0.53%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	6,189.88	5,136.75
	(b) Additions during the year	2,502.25	2,378.25
	(c) Reductions during the year	(3,970.92)	(1,325.12)
	(d) Closing balance	4,721.21	6,189.88
(iii)	Movement of Net NPAs		
	(a) Opening balance	2,518.80	1,275.33
	(b) Additions during the year	(49.02)	2,146.93
	(c) Reductions during the year	(1,021.36)	(903.46)
	(d) Closing balance	1,448.42	2,518.80
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	3,671.08	3,861.42
	(b) Provisions made during the year	2,551.27	231.32
	(c) Write-off / write-back of excess provisions	(2,949.56)	(421.66)
	(d) Closing balance	3,272.79	3,671.08

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(X) **Disclosure of Customers Complaints**

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
1	Number of complaints pending at beginning of the year	1	1
2	Number of complaints received during the year	861	101
3	Number of complaints disposed during the year	811	100
3.1	Of which, number of complaints rejected by the NBFC	47	-
4	Number of complaints pending at the end of the year	51	1

Maintainable complaints received by the NBFC from Office of Ombudsman

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman*	145	51
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	133	46
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	4	5
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* Includes 8 complaints resolved by office of ombudsman in the month of Apr'23 in the favour of the NBFC.

Top five grounds of complaints received by NBFCs

As at March 31, 2023

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Part Payment / Foreclosure	-	182	628%	14	-
Loan Application Related	-	120	5900%	6	-
EMI Management	-	113	528%	10	-
Fees and Charges / Refunds	-	99	395%	5	-
Loan Account Related	-	90	800%	4	-
Others	1	257	1506%	12	1
Total	1	861	752%	51	1

As at March 31, 2022

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Part Payment / Foreclosure	1	25	(65%)	-	-
Disbursement related	-	10	25%	-	-
EMI Management	-	18	(75%)	-	-
Fees and Charges / Refunds	-	20	(53%)	-	-
Loan Account Related	-	10	0%	-	-
Others	-	18	800%	1	-
Total	1	101	(51%)	1	-

(XI) Disclosure in respect of derivatives, securitisation transactions, consolidated financial statements, overseas assets (for those with joint ventures and subsidiaries abroad), off balance sheet SPV's sponsored are not applicable for the year to the Company.

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

(XII) (Disclosure requirements as per RBI circular dated November 04, 2019 having reference number RBI/2019-20/88, DOR.NBFC(PD) CC. No.102/03.10.001/2019-20 regarding Guidelines on Liquidity Risk Management Framework)

a **Funding concentration based on significant counterparty (both deposits and borrowings)**

Sr. No.	Number of significant counterparties	Rupees in Lakh	% of Total Deposits	% of Total Liabilities
1	20	4,41,630.71	Not Applicable	58.24%

b **Top 20 large Deposits (Rupees in Lakh and % of total deposits)**

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits

c **Top 10 borrowings (Rupees in Lakh and % of total borrowings)**

Rupees in Lakhs	3,26,812.56
% of total borrowings	45.03%

d **Funding concentration bases on significant instrument / product**

Sr. No.	Name of the Instrument / Product	Rupees in lakhs	% of Total liabilities
1	Term loans from banks	3,72,141.89	49.08%
2	Term loans from FIs	15,082.66	1.99%
3	Non- Convertible Debentures	2,82,387.50	37.24%
4	Subordinated Debt	7,707.35	1.02%
5	Commercial Paper	-	0.00%
6	External Commercial Borrowings	10,891.69	1.44%

e **Stock Ratios:**

Sr. No.	Name of the Instrument / Product	% of Total Public Funds	% of Total Liabilities	% of Total Assets
a	Commercial Papers	0.00%	0.00%	0.00%
b	Non Covertible Debentures	42.15%	38.26%	29.81%
c	Short Term Liabilities	33.21%	30.14%	23.48%
d	Long Term Assets	96.53%	87.62%	68.26%

f **Institutional set-up for liquidity risk management**

The Board of Directors is responsible for establishing and reviewing the ALM & Risk management Policies. Towards this end, the Board has established an ALM Committee (ALCO) which has been delegated the authority to manage funds and to match the Assets and the Liabilities in terms of their maturities and interest rate sensitivities, so that the risk arising from such mismatches can be contained within the desired limit. Similarly, the Board has also constituted Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various risks, including liquidity risk, faced by the Company. ALCO and RMC meetings are conducted at a frequency which is warranted from time to time with minimum frequency of once in a quarter. The board reviews the minutes of the ALCO & RMC meetings and additional summarized information on a quarterly basis. If necessary the Board also recommends the actions that are in the best interest of the company.

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

(XIII) **Other statutory information:**

During the current year and previous year

a The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b The Company has not been declared as a Wilful defaulter by any bank or financial Institution or other lender.

c The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

d The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

e The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

f The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

g The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules.

h During the year the quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

i The Company does not has any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

j **Key Financial Ratios :**

Ratio	Year ended March 31, 2023	Year ended March 31, 2022	Reason for Variance (if above 25%)
Capital to risk weighted assets ratio (CRAR)	24.86%	22.96%	
Tier I CRAR	24.35%	21.61%	
Tier II CRAR	0.51%	1.35%	
Liquidity coverage ratio	905.97%	251.96%	Significant inrease in HQLA on account of higher liquidity maintained.

k The Company do not have any transactions with struck off companies.

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43.13 Related Party Disclosures:

Disclosure in pursuant to circular no RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19 2022

The Company's related party balances and transactions for the year ended March 31, 2023 are summarised as follows:

Items	Parent (as per ownership or control)	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Directors	Relatives of Directors	Others	Total
Borrowings	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Placement of Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Advances	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Investments	- (-)	1.00 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.00 (-)
Purchase of fixed/other assets	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Share Capital [2]	31,200.00	-	-	-	-	-	-	31,200.00
Receivables		40.85 (40.85)						40.85 (40.85)
Commission Paid					54.50			54.50
Remuneration to KMPs	-	-	547.91	-	-	-	-	547.91
Sitting Fees paid [3]	-	-	-	-	33.68	-	-	33.68
Commission Payable	-	-	-	-	54.50 (54.50)	-	-	54.50 (54.50)

Notes:
1. Figures in bracket indicates maximum balance outstanding during the year
2. The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023
3. The transactions disclosed above are inclusive of Goods and Service Tax (GST)
4. For detailed list of related parties refer to note no 39

The Company's related party balances and transactions for the year ended March 31, 2022 are summarised as follows:

Items	Parent (as per ownership or control)	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Directors	Relatives of Directors	Others	Total
Borrowings	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Placement of Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Advances	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Investments	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Purchase of fixed/other assets	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Share Capital	-	-	-	-	-	-	-	-
Receivables		- (-)						- (-)
Commission Paid	-	-	-	-	51.77	-	-	51.77
Remuneration to KMPs	-	-	469.76	-	-	-	-	469.76
Sitting Fees paid [2]	-	-	-	-	28.27	-	-	28.27
Commission Payable	-	-	-	-	51.77 (51.77)	-	-	51.77 (51.77)

Notes:
1. Figures in bracket indicates maximum balance outstanding during the year
2. The transactions disclosed above are inclusive of Goods and Service Tax (GST)
3. For detailed list of related parties refer to note no 39

43.14 Breach of Covenant

There are no breach of covenants in the current year and previous year.

43.15 Sectoral Disclosure

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector
Industry [1]	3,651.32	669.42	18.33%	6,842.49	2,961.80	43.29%
Personal Loan [2]	1,01,427.35	2,001.48	1.97%	97,401.74	1,711.31	1.76%
Others [3]	7,34,509.54	2,050.31	0.28%	3,74,757.64	1,516.77	0.40%
Total	**8,39,588.21**	**4,721.21**	**0.56%**	**4,79,001.87**	**6,189.88**	**1.29%**

1. Industry includes loan exposure to SME companies
2. Personal Loan includes education loans given to individual
3. Others include education loans given to Institutes and corporates, loans other than education loan
4. The above sectoral classification for personal loans has been done basis the circular no RBI/2017-18/117 DBR.No.BP.BC.99/08.13.100/2017-18 dated January 04, 2018

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Notes to the Standalone Financial Statement for the year ended March 31, 2023

44 Previous year's figures have been rearranged / regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

45 The financial statements were approved for issue by the Board of Directors on May 05, 2023

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45

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

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2023

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494647
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

AVANSE FINANCIAL SERVICES LIMITED
MUMBAI