NOTICE TO MEMBERS

NOTICE is hereby given that the 6th Annual General Meeting of the Members of the Aptus Finance India Private Limited ("the Company") will be held on Tuesday, 30th November, 2021 at the registered office of the Company situated at No. 8B, Doshi Towers, 8th Floor, No. 205, Poonamallee High Road, Kilpauk, Chennai 600 010 at 11:00 A.M to transact the following businesses:

ORDINARY BUSINESS

1. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.

2. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED THAT Mr. P Balaji (DIN: 07904681) who retires by rotation at this 6th Annual General Meeting and who has offered himself for re-appointment, be and is hereby re-appointed as a Non-Executive Director of the Company, liable to retire by rotation.

3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED THAT pursuant to the provisions of sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) thereto or re-enactment thereof for the time being in force) and appointment procedure and eligibility criteria prescribed under the RBI Guidelines (Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22) dated April 27, 2021 (including any statutory modification(s) thereto or re-enactment thereof for the time being in force), M/s R. Subramanian and Company LLP, Chartered Accountants, Chennai (Firm Regn. No. 004137S/S200041), be and are hereby appointed as the Statutory Auditors of the Company to hold the office for a period of three financial years from the conclusion of the 6th Annual General Meeting until the conclusion of 9th Annual General Meeting, on such remuneration as may be fixed in this behalf by the Board of Directors of the Company in consultation with them.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

   RESOLVED THAT in supersession of the resolution passed by the shareholders at the Annual General Meeting held on August 10, 2020, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions if any, or any other law for the time being in force (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of the Memorandum and Articles of Association of the Company, the Company hereby accords its consent to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Resourcing and Business Committee or any such Committee which the Board may constitute / authorize for this purpose) of the Company to borrow such sum or sums of moneys and for availing all kinds and types of loans, advances, debt facilities and credit facilities including issuance of debentures and other debt instruments, (apart from temporary loans from the Company's bankers), from time to time, upto a sum of Rs. 800 Crores (Rupees Eight Hundred Crores only) outstanding at any point of time on account of principal, for and on behalf of the Company, from its bankers, other banks, Non-Banking Financial Companies, Financial Institutions, Companies, Firms, Bodies Corporate, Co-Operative Banks, Investment Institutions and their Subsidiaries, Mutual Funds, Trusts, other Body Corporate or from any other person as may be permitted under applicable laws, whether unsecured or secured notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans (including working capital facilities) obtained from the Company's bankers in the ordinary course of business) shall exceed the aggregate of the paid-up capital of the Company and its free reserves.

   RESOLVED FURTHER THAT the Company may issue from time to time, Debenture/Bonds and other debt instruments, aggregating up to Rs. 150 Crores (Rupees One Hundred and Fifty Crores) within the overall borrowing limits of Rs. 800 Crores (Rupees Eight Hundred Crores only).

   RESOLVED FURTHER THAT the Board of Directors of the Company (including the Resourcing & Business Committee or any such Committee which the Board may constitute/ authorize for this purpose) be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution.

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

   RESOLVED THAT in supersession of the resolution passed by the shareholders at the

Annual General Meeting held on August 10, 2020, pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of the Memorandum and Articles of Association of the Company, consent be and is hereby accorded to the Board of Directors of the Company (which term shall be deemed to include the Resourcing & Business Committee and any such committee which the Board may constitute / authorize for this purpose) for mortgaging / charging / hypothecating all or any of the immovable and movable properties and assets of the Company, both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company, on such terms and conditions, as may be agreed to between the Board and Lender(s), Debenture holders and providers of credit and debt facilities to secure the loans / borrowings / credit / debt facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to be issued by the Company to or in favour of the Financial Institutions, Non-Banking Financial Companies, Co-operative Banks, Investment Institutions and their Subsidiaries, from its Bankers and other Banks, Mutual Funds, Trusts and other Bodies Corporate or Trustees for the holders of debentures/bonds and/ or other instruments, or any other person, which may exceed the paid-up capital and free reserves provided that the total amount of monies borrowed / credit facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to be issued by the Company (apart from temporary loans from the Company's bankers) shall not at any time exceed a sum of Rs. 800 Crores (Rupees Eight Hundred Crores only) outstanding at any point of time on account of principal.

RESOLVED FURTHER THAT the Board of Directors of the Company (including the Resourcing & Business Committee or any such Committee which the Board may constitute/ authorize for this purpose) be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution.

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 42, 71, 179 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other regulations, rules and guidelines issued by Reserve Bank of India, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended from time to time) and in accordance with the

Memorandum of Association and Articles of Association of the Company, consent of the members be and is hereby given to issue, offer or invite subscriptions for all kinds and types of Non – Convertible Debentures ("NCDs") including NCDs which are Listed, Unlisted, Secured, Unsecured, Rated, Redeemable, in one or more series / tranches, aggregating up to Rs. 150 Crores (Rupees One Hundred and Fifty Crores) to any Institution, Body Corporate, Mutual Fund, entity, any other person or persons, domestic or foreign, as permitted under applicable laws, on private placement basis on such terms and conditions as the Board of Directors (which term shall be deemed to include Resourcing and Business Committee of the Board or any other committee which may be constituted/authorized for this purpose) may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said NCDs be offered, the consideration for the offer, utilization of the proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby instructed to act upon the resolution within a period of 12 months.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Debentures of the Company, the Board of Directors be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters, and things as it may, in its absolute discretion, deem necessary, desirable or expedient and to settle any question, difficulties or doubts that may arise in this regard including but not limited to the offering, issue and allotment of debentures of the Company as it may in its absolute discretion deem fit and proper.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to delegate all or any of the powers herein conferred by this resolution to the Resourcing and Business Committee or any Director or Directors or to any member the Resourcing and Business Committee or to any Committee of Directors or to any officer or officers of the Company to give effect to this resolution.

By Order of the Board
For Aptus Finance India Private Limited

Sd/-

Jyoti Munot
Company Secretary
Membership no. A56971

Chennai
28th October 2021

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Provided that a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. A blank proxy form is enclosed as Annexure A to this notice.**

2. Corporate members intending to send their authorized representatives to attend the Annual General Meeting are requested to send to the Company a certified copy of the board resolution/authorization letter authorizing their representative to attend and vote on their behalf at the Annual General Meeting.

3. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto. In addition, an explanatory statement for item no. 3 of the notice regarding appointment of statutory auditors is also provided for information of the shareholders.

4. Quorum of the Annual General meeting shall be in accordance with Section 103 of the Companies Act, 2013.

5. The Member/Proxies should bring their proxy form and attendance slip, sent herewith, duly filled in, for attending the meeting as mentioned in Annexure A and Annexure B of this notice.

6. Route Map for the location of the aforesaid meeting is enclosed as Annexure C

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.3: Appointment of Auditors

Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013,M/s MSKA & Associates, Chartered Accountants (Part of BDO India LLP) were appointed as the Statutory Auditors of the Company at the 1st Annual General Meeting (AGM) of the shareholders held on August 11, 2016, for a period of five financial years, i.e. from FY 2016-17 to FY 2020-21, to hold office from the conclusion of the 1st AGM up to the conclusion of the 6th AGM.

The Reserve Bank of India ("RBI") has issued guidelines for appointment of Statutory Auditors by non-banking financial company ("NBFC") vide Circular No. RBI/2021-22/25-Ref.No.DoS.CO.ARG/ SEC.01/ 08.91.001/2021-22 dated April 27,2021 ("RBI Guidelines"). Pursuant to RBI Guidelines, the Audit Firms completing tenure of three financial years in the NBFC are not eligible to continue to hold office as Statutory Auditors of the NBFC. Since the RBI Guidelines are being implemented for the first time for NBFCs from Financial Year 2021-22 and in order to ensure that there is no disruption, the RBI has given flexibility to NBFCs to appoint new Statutory Auditors in the second half of the financial year ending March 31, 2022.

Pursuant to the above-mentioned RBI guidelines, the current statutory auditors cannot continue as they have already completed the tenure of five financial years. Hence, the Company is required to appoint a new statutory auditor in place of the current statutory auditors.

The Audit Committee and Board of Directors in their respective meetings held on October 28, 2021 had passed resolutions to recommend to the members of the Company for their approval to appoint M/s R. Subramanian and Company LLP (Firm Registration No. 004137S/S200041) as the Statutory Auditors of the Company for a period of three financial years, i.e from FY 2021-22 to FY 2023-24 and to hold office from the conclusion of the 6th AGM upto the conclusion of the 9th AGM of the Company.

Accordingly, the Board recommends the above ordinary resolution in item no. 3 for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in anyway, concerned or interested, financially or otherwise, in the resolution set out at item no. 3 of the Notice.

Item No. 4: Fixing of Borrowing Limits

In terms of provisions of Section 180(1) (c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in a general meeting, borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), in excess of the aggregate of the paid-up capital and its free reserves.

At the Annual General Meeting of the Company held on August 10, 2020, the shareholders had passed a special resolution under Section 180(1)(c) of the Companies Act, 2013 empowering the Board of Directors of the Company to borrow upto Rs.600 crores which was in excess of the paid up capital and free reserves of the Company as at March 31, 2020.

The outstanding borrowing of the Company as at March 31, 2021 amounted to approximately Rs. 351.68 crores. In order to further expand its business and to meet the loan disbursements, the Board may have to resort to various borrowing options which at times is likely to exceed the present borrowing limit of Rs. 600 crores. Taking into account this and the enabling provisions under Section 180(1)(c) of the Companies Act, 2013, in order to enable the Board of Directors to raise adequate funds in a timely manner, the resolution under item no.4 of the notice is proposed.

Since the borrowing limit of Rs. 800 crores as proposed in the special resolution appearing in item no. 4 of this notice is in excess of paid up capital and its free reserves, the proposal requires the approval of shareholders by means of a special resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in anyway, concerned or interested, financially or otherwise, in the resolution set out at item no. 4 of the Notice.

Your Directors recommend the above Special Resolution in item no. 4 for your approval.

Item No. 5: Charge / Mortgage on Assets

Section 180(1)(a) of the Companies Act, 2013, provides that the Board of Directors of a Company shall not, without the consent of members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

For creation of security through mortgage or pledge/ or hypothecation or otherwise of the movable and immovable properties and assets of the company or through a combination of the above for securing the limits/ credit/ debt facilities as may be sanctioned by the lenders, and / or for securing the issuance of debentures/ bonds/ and other instruments, the Company would be required to secure all or any of the movable and immovable assets and properties of the Company, present and future.

Considering the requirement under Section 180(1)(a) of the Companies Act, 2013 in order to enable the Board to mortgage/ charge/ hypothecate or otherwise create security against the properties and/or the whole or substantially the whole of the undertaking of the Company create charge/encumbrance on the assets of the Company, approval of the Members is sought by way of a special resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in anyway, concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice.

The Board recommends the Special Resolution set out at item no. 5 of the Notice for approval by the shareholders.

Item No.6: Offer / invitation to subscribe to Non-Convertible Debentures on private placement basis

Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under and Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 deals with private placement of securities by a company deals with private placement of securities by a company. Third proviso of Sub-rule (1) of the Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, provides that in case of an offer or invitation to subscribe for non-convertible debentures on private placement basis, it is sufficient if the company obtains previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year.

As part of its fund raising plans for the next 12 months of the Company, your Company proposes to issue Non-Convertible Debentures (NCDs) on a private placement basis to institutions, mutual funds, bodies corporate, and other persons, both domestic and non-domestic. The Company may offer or invite subscription for all kinds of NCDs, in one or more series / tranches on private placement basis. The proceeds of the issue would be utilized for working capital to finance the growth of the lending portfolio of the company.

In this context, approval of the shareholders is being sought for issuance / offer of NCDs aggregating upto Rs 150 Crores by way of a special resolution as set out at item no. 6 of the Notice. The said limit of Rs. 150 crores for issuance of NCDs shall be within the overall borrowing limits of Rs. 800 crores as proposed in the special resolution appearing in item no. 4 of the notice.

This resolution enables the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a year from the conclusion of this Annual General Meeting.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in anyway, concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the Notice.

By Order of the Board
For Aptus Finance India Private Limited

Sd/-
Jyoti Munot
Company Secretary
Membership no. A56971

Chennai
28th October 2021

ANNEXURE A

FORM No. MGT – 11

Proxy Form

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN: U74900TN2015PTC102252

Name of the Company: APTUS FINANCE INDIA PRIVATE LIMITED

Registered Office: No. 8B, Doshi Towers, 8th Floor, No. 205, Poonamallee High Road, Kilpauk, Chennai, Tamilnadu – 600010.

Website: www.aptusindia.com

Name of the Member (s) :
Registered address :
E-mail id :
Folio No. / Client Id :
DP ID :

I / We, being the member(s) of
, hereby appoint :

1. Name :
Address :

E-mail Id :
Signature : , or failing him / her

2. Name :
Address :

E-mail Id :
Signature : , or failing him /her

3. Name :
Address :

E-mail Id :

Signature : , or failing him / her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Tuesday, 30th November 2021 at 11:00 AM at No.8B, Doshi Towers, 8th Floor, No. 205, Poonamallee High Road, Kilpauk, Chennai – 600010 and at any adjournment thereof, in respect of such resolutions set out in the notice convening the meeting, as are indicated below:

S. No	Resolutions	For	Against
1	To consider and adopt the audited financial statements for the financial year ended 31st March 2021		
2	To appoint Mr. P Balaji (DIN: 07904681) who retires by rotation and being eligible, offers himself for re-appointment as Non-Executive Director liable to retire by rotation.		
3	Appointment of Statutory Auditors		
4	Fixing of Borrowing Limits		
5	Charge / Mortgage on Assets		
6	Offer / invitation to subscribe to Non-Convertible Debentures on private placement basis		

Signed this ……. day of …..………………..…, 2021

Affix Revenue Stamp here

Signature of Shareholder

Signature of Proxy Holder (s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.

ANNEXURE B

Attendance Slip

(Please complete this attendance slip and hand it over at the entrance of the Hall)

I hereby record my presence at the 6th Annual General Meeting of the Company, Aptus Finance India Private Limited held on Tuesday, 30th November 2021 at 11:00 AM at No. 8B, Doshi Towers, 8th Floor, No. 205, Poonamallee High Road, Kilpauk, Chennai, Tamilnadu – 600010.

Regd. Folio No:

DP Id / Client Id:

Full Name of the Shareholder in Block Letters:

No. of Share held:

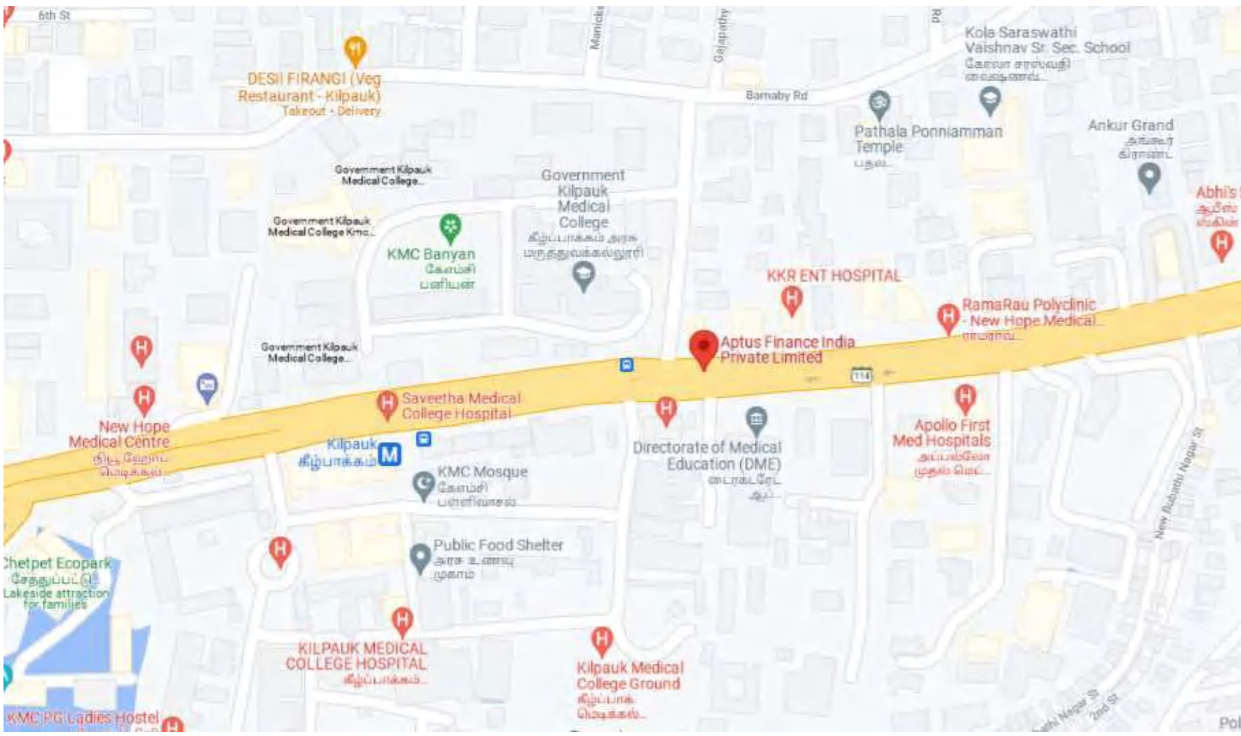
Name of the representative or proxy (if any) in Block Letters:

____

Signature of the Shareholder/Proxy/Representative

ANNEXURE C

Route Map to the Venue



APTUS FINANCE INDIA PRIVATE LIMITED
Regd. Office: No. 8B, Doshi Towers, 8th Floor, No.205,
Poonamallee High Road, Kilpauk, Chennai – 600 010.
CIN: U74900TN2015PTC102252
Email id: balaji.p@aptusindia.com
Phone: 044 45650000, Website: www.aptusfinance.com

Directors Report

Your directors have pleasure in presenting the Sixth Annual Report together with the audited financial statements of the company for the financial year ended March 31, 2021.

1. Financial Results

(Rs. in crores)

Particulars	**For the Financial Year ended March 31, 2021**	**For the Financial Year ended March 31, 2020**
Operating Income	**106.99**	**72.27**
Other Income	**2.21**	**3.67**
Less: Expenditure including depreciation	42.57	35.84
Profit before taxation	66.63	40.10
Profit after taxation	49.47	29.86
Asset under Management	586	436

2. Operational Highlights

2.1 Sanctions and Disbursements

During the year under review, your Company sanctioned loans worth Rs. 231 crores as compared with the sanctions of Rs. 300 crores during the previous year. Your Company disbursed loans worth Rs. 221 crores during the year under review as compared with the disbursements of Rs. 261 crores during the previous year. The growth during the year was subdued due to the impact of Covid 19 pandemic. Your company continued its focus on Low and Middle Income families in Tier II and III cities and the disbursement of Rs. 221 crores benefitted more than 3,800 families.

2.2 Loan Assets

The total Assets under Management of Aptus stood at Rs. 586 crores as at March 31, 2021 as against Rs. 436 crores as at March 31, 2020, thereby registering a growth of 34%.

2.3 Branch Expansion

During the year under review, your Company expanded its distribution network in the states of Tamil Nadu, Andhra Pradesh and Telangana. Distribution network of 190 branches as on March 31, 2021 as compared to 175 branches in the previous year of parent company, Aptus Value Housing Finance India Limited is being used for the business operations of the company.

2.4 Income, Profits and Net worth

During the year under review, your Company's Gross Income grew by 43% to Rs. 109.20 crores as at March 31, 2021 as against Rs. 75.94 crores as at March 31, 2020. The Profit before tax for the year ended March 31, 2021 stood at Rs. 66.63 crores translating into a growth of 66% over Rs. 40.10 crores in the corresponding period of the previous year. The Profit after Tax (PAT) grew by 64% to Rs. 49.47 crores as against of Rs. 29.86 crores in the previous financial year. The net-worth of the Company stood at Rs. 239.49 crores as on March 31, 2021.

2.5 Asset Quality

Your Company closed the financial year 2020-21 with a Gross NPA of 0.51%. This GNPA level was on the same levels as that of the previous year level despite impact of COVID 19 pandemic. These levels, one of the best in the industry, have been maintained by Aptus since inception. This would not have been possible but for the replication of the excellent systems and processes formulated in the parent company in relation to originating loan proposals from customers and strong adherence to laid down policies in terms of credit, legal, technical and collections. The above organizational strengths coupled with very good quality of portfolio gives us confidence to aspire for more profitable and aggressive growth in the years to come.

2.6 Resource Mobilization

Aptus understands that it is in the business of long-term funding which are in the range of 5-15 years. With this in the back ground, Aptus's borrowing strategy has always been prudent to secure long term funding ranging between 5-7 years. There were no short tenor borrowings including commercial papers.

The positive attributes of Aptus in terms of quality loan book, networth, consistent profitability etc., enabled Aptus to raise funds from various banks and financial institutions. During the year 2020 - 21, resources were mobilized in the form of loans, including securitization, to the extent of Rs 301.27 crores which was raised from various banks and financial institutions. All these loans were long term loans with tenor of 6 to 7 years.

Currently funding mix of Aptus comprises of Loans from Banks, and large funding agencies. As on March 31, 2021, 86% of borrowings were from banks & financial institutions and the balance 14% were from debt capital market.

2.7 Capital Adequacy Ratio

Capital Adequacy Ratio of the Company stood at 36.93% as on March 31, 2021, as against the minimum requirement of 15% stipulated by regulators.

3. Credit Rating

During the year 2020-21, the credit rating of your company by CARE was reaffirmed at A+.

4. Transfer to Reserves

Your Company has transferred Rs. 9.89 crores to Statutory Reserve representing the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

In terms of the requirement as per RBI notification no. RBl/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). Accordingly, the Company has transferred Rs. 0.61 crores to Impairment Reserve.

5. Dividend

In order to conserve its resources for growth your directors do not recommend any dividend for the financial year 2020-21.

6. Corona virus disease (COVID-19) pandemic

To contain the spread of Covid-19 virus, Government enforced lock down of all economic activities. The primary focus of your Company was to ensure safety and wellbeing of all its employees. The business continuity planning program of the Company was used effectively to manage its operations through this crisis. Your Company provided work from home facility to its employees, wherever possible, across all its branches and at the head office and took all reasonable steps to ensure continued service delivery to its customers. During these times, the Company's offices worked with minimal staff with necessary safety measures.

During the financial year 2020-21 the business and operations were impacted by the COVID-19 pandemic. The initial months of the financial year were almost dedicated towards collections. As per RBI Directions, the Company had also given option to its customers to extend the moratorium for payment of installments falling due between

March 1, 2020 and August 31, 2020 as a part of the COVID-19 Regulatory package announced by the Reserve Bank of India vide its circular dated May 23, 2020.

The Company informed, educated and counselled the borrowers on the pros and cons of moratorium and urged them to make payments if their cashflows allowed them the ability to do so. Each branch staff focused on calling their respective borrowers and providing them necessary inputs for the ease of making decision on moratorium.

The second half of the financial year was comparatively better in terms of business and operations. As stated above, your Company disbursed an amount of INR 221 Crores during the financial year and a major portion of that amount was disbursed during the second half of the year.

While it was thought that the country had seen the back of the pandemic, the second wave has emerged and seems to be more impactful than the first wave. This is likely to cause an impact on the next financial year i.e. FY 2021-22. Your Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. Your Company will continue to monitor any material changes to the future economic conditions and take necessary actions as appropriate.

7. Statutory and Regulatory Compliance

The Reserve Bank of India has issued master directions for NBFCs- SI namely, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The Company has complied with the master directions, guidelines, regulations and circulars issued by the Reserve Bank of India, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable to the Company and Foreign Exchange Management Act, 1999 and the rules / regulations thereunder.

Your Company has also complied with the provisions of the Secretarial Standard 1 (SS-1) and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India relating to 'Meetings of Board of Directors' and 'General Meetings' respectively.

8. Disclosure regarding issue of Employee Stock Options

Your Company has not implemented any Employees Stock Option Scheme.

9. Annual Return

As per Section 134 (3) (a) and Section 92 (3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the annual return of the Company for the financial year ended March 31, 2021 is available at the web address: **www.aptusfinance.com**

10. **Internal Financial Controls**

Your Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Internal Auditors review internal control and risk-management measures, accounting procedures, highlight areas requiring attention, and report their main findings and recommendations to the Audit Committee. The Audit Committee regularly reviews the audit findings and action taken thereon, as well as the adequacy and effectiveness of the internal financial systems and controls. Statutory Auditors, MSKA & Associates have also reviewed the internal controls systems as existing in the Company and have given an unmodified opinion on the same.

11. **Auditor's Report**

The Report of the Statutory Auditors to the members is annexed to and forms part of the financial statements and the same does not contain any qualification, reservation or adverse remark on the financial statements prepared as per Section 133 of Companies Act, 2013 and notes on accounts annexed thereto. There were no frauds detected or reported by the Auditors under sub-section (12) of section 143 of the Companies Act, 2013 during the year.

12. **Maintenance of cost records and cost audit**

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable for the business activities carried out by the company.

13. **Risk Management Policy**

The Company has constituted a Risk Management Committee which is responsible for putting in place a risk management system, risk management policy and strategy to be followed by the Company.

The Key principles of Risk Management are as follows:

a) The risk management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.
b) All concerned process owners of the company shall be responsible for identifying & mitigating key risks in their respective domain.

c) The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

The Risk Management Committee along with the Asset Liability Management Committee reviews and monitors these risks at regular intervals.

Risk management process includes four activities: risk identification, risk assessment, risk mitigation, monitoring and reporting. Once risks are identified, it is necessary to prioritize them based on the impact, dependability on other functions, effectiveness of existing controls etc.

Internal audit shall review the risk register once a year and add any new material risk identified to the existing list. These will be taken up with respective functional head for its mitigation. Existing process of risk assessment of identified risks and its mitigation plan will be appraised to Board.

14. Directors

The following changes took place in the composition of Board of Directors during the financial year 2020-21:

a) Mr. Suman Bollina, (DIN: 07136443) retired by rotation at the previous Annual General Meeting held on August 10, 2020 and was re-appointed as a Non-Executive Director.

b) Mr. R Umasuthan (DIN: 08962500) was appointed as an Independent Director by the Board for a term of five years effective November 21, 2020, and his appointment was approved by the shareholders at the extra-ordinary general meeting held on February 10, 2021.

As on date of this report, your company's Board of Directors comprises of the following members, namely:

1.	Mr. S Krishnamurthy, Independent Director, Chairman	(DIN: 00066044)
2.	Mr. K M Mohandass, Independent Director	(DIN: 00707839)
3.	Mr. R Umasuthan, Independent Director	(DIN: 08962500)
4.	Mr. Suman Bollina, Non-Executive Director	(DIN: 07136443)
5.	Mr. P. Balaji, Non-Executive Director	(DIN: 07904681)

15. Key Managerial Perosnnel

The following changes were made in the office of Key Managerial Personnel (KMP) during the financial year 2020-21:

a) Ms. Laxmi SV resigned as the Manager & Chief Financial Officer of the Company with effect from December 01, 2021.

b) Mr. Vivek Mehta was appointed as the Manager & Chief Financial Officer of the Company by the Board effective February 10, 2021.

16. Board Meetings held during the year

During the financial year ended 31st March 2021, five (5) Board Meetings were held on May 29, 2020, August 11, 2020, August 24, 2020, November 11, 2020 and February 10, 2021 respectively. The gap between two meetings was not more than 120 days.

Particulars of the Directors' attendance to the Board Meetings are given below:

Name	Nature of Directorship	Attendance
Mr S Krishnamurthy	Independent Director	5
Mr K M Mohandass	Independent Director	5
Mr. R Umasuthan*	Independent Director	1
Mr Suman Bollina	Non – Executive Director	3
Mr P. Balaji	Non – Executive Director	5

**Mr. R Umasuthan, was appointed as an Independent Director with effect from November 21, 2020*

17. Auditors

Statutory Auditors

Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013,M/s MSKA & Associates, Chartered Accountants (Part of BDO India LLP) were appointed as the Statutory Auditors of the Company at the 1st Annual General Meeting (AGM) of the shareholders held on August 11, 2016, for a period of five financial years, i.e. from FY 2016-17 to FY 2020-21, to hold office from the conclusion of the 1st AGM up to the conclusion of the 6th AGM.

Accordingly, the Board of Directors have proposed the appointment of M/s R. Subramanian and Company LLP, Chartered Accountants, Chennai (Firm Regn. No. 004137S/S200041) as the Statutory Auditors of the Company to hold the office for a period of three financial years from the conclusion of the 6th Annual General Meeting until the conclusion of 9th Annual General Meeting, on such remuneration as may be fixed in this behalf by the Board of Directors of the Company in consultation with them.

Secretarial Auditor

S. Sandeep & Associates, Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2020-21, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The secretarial audit report for the financial year ended March 31, 2021 forms part of this Annual report as **Annexure F** to Board's Report and does not contain any qualifications, reservations or adverse remark.

18. Particulars of Contracts or Arrangements with Related parties

During the financial year, the Company has entered into contracts or arrangements with Related Parties. The Company has framed a Related Party Transaction (RPT) policy for the Company as per the Companies Act, 2013 and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking

Company (Reserve Bank) Directions, 2016.

The RPT policy along with the details of the related party transactions in Form AOC-2 for the financial year 2020-21 is enclosed as **Annexure A** to this report.

19. Material Changes and Commitments.

There are no material changes and commitments between March 31, 2021 and the date of this report having an adverse bearing on the financial position of the Company.

20. Conservation of Energy, Technological Absorption

The Company does not have any activity relating to conservation of energy and technical absorption and does not own any manufacturing facility. Hence the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Section 134 of the Companies Act, 2013 and the Rules framed there under is not applicable.

21. Foreign Exchange Earnings/Outgo

Your Company does not have any foreign currency earnings or expenditure during the financial year ended March 31, 2021.

22. Particulars of Employees

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are to be set out in the annexure forming part of the Annual Report. However, as per provisions of Section 136(1) of the Companies Act, 2013, read with relevant proviso of the Companies Act, 2013 the Annual Report is being sent to members excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company. Any member interested in obtaining such particulars may write to the Company and the same will be furnished without any fee and free of cost.

23. Dematerialisation of Shares & Non-Convertible Debentures

As your Company is a wholly owned subsidiary of Aptus Value Housing Finance India Limited, it is exempted from holding the equity shares in dematerialised form.

The Non-Convertible Debentures of the Company are held in dematerialized form with National Securities Depository Limited vide ISIN Nos. INE04MH07018 and INE04MH07026

During the financial year, there were no instances of any Non-Convertible Debentures which have not been claimed by the investors or not paid by your Company after the date on which the Non-Convertible Debentures became due for redemption.

The Non-Convertible Debentures of your Company are listed on BSE Ltd and your Company has paid the requisite listing fee to ensure continuous listing of its debt instruments.

24. Particulars of Loans, Guarantees or Investments under Section 186 of Companies Act, 2013

During the year under review, the Company had not granted any loans or guarantees or made any investments under Section 186 of the Companies Act, 2013.

25. Details of Significant & Material Orders passed by the Regulators or court or tribunal

During the financial year, there are no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and your company's operations in future.

26. Deposits

Your Company is registered as a non-deposit taking Non-Banking Financial Company with Reserve Bank of India and hence does not accept any deposits. Your Company has not accepted any deposits from the public during the financial year ended March 31, 2021.

27. Declaration from Independent Directors

The Company has received declarations from all the Independent Directors to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of your Board of Directors, the Independent Directors appointed during the financial year ended March 31, 2021, satisfy the attributes as to their performance, appropriate mix of qualifications, experience, value, additions, integrity, high levels of skill and expertise.

28. Corporate Social Responsibility Policy (CSR)

The Company has duly constituted a Corporate Social Responsibility Committee as per the provisions of Section 135 of the Companies Act, 2013. The Company has devised a policy for the implementation of the CSR framework, broadly defining the areas of spending for the CSR activities. The CSR spend will be at least 2% of the average net profits of the last three financial years, for the activities mentioned under Schedule VII to the Companies Act, 2013.

The CSR Committee monitors the Policy of the Company from time to time and endeavours to ensure that the requisite amount is spent on CSR activities as per the framework. A report on CSR is attached as **Annexure B** to this Report.

The CSR policy of the Company has been placed in the website of the Company at www.aptusfinance.com.

29. Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors, and governance. The aforesaid policy is enclosed as **Annexure C** to this report.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors have expressed their satisfaction with the evaluation process.

30. Vigil Mechanism & Whistle Blower Policy

Your Company as part of the "Vigil Mechanism" has in place a "Whistle Blower Policy" to deal with instances of fraud and misappropriations, if any. This policy has been placed on the website of the Company at www.aptusfinance.com. During the year under review no whistle blower complaint was received.

31. Management Discussion and Analysis

Report on Management Discussion and Analysis is enclosed and is forming part of this report as **Annexure D**.

32. Committees

Details on composition of various Committees of the Board and number of meetings of the Board and Committees are given in **Annexure E.**

33. Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named "Policy Against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The said policy is uploaded on the website of the Company. An Internal Complaints Committee has been constituted as per the Act to redress complaints received regarding sexual harassment. During the financial year under review, no complaint of sexual harassment was received and there were no unresolved complaints as at March 31, 2021.

34. Directors' Responsibility Statement

The Board of Directors have instituted/put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant board committees, including the audit committee and independently reviewed by the internal, statutory and secretarial auditors.

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;
(ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at March 31, 2021 and the profit of the company for the year ended on that date;
(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
(iv) they have prepared the annual accounts on a going concern basis;
(v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors wish to thank Reserve Bank of India and all regulatory authorities for their valuable guidance and support received. Your Directors would also like to acknowledge the role of all its stakeholders viz., Customers, Holding Company, Bankers, Rating Agencies, Debenture Trustees and all others for their whole – hearted support, confidence and faith they have reposed in the Company.

Your Directors would like to appreciate the commitment displayed by all the executives, officers, staff and the Senior Management team of the Company in achieving an excellent performance during the Financial Year.

For and on behalf of the Board of Directors

Sd/-

S Krishnamurthy
Chairman
(DIN: 00066044)

Chennai
June 23, 2021

ANNEXURE A

APTUS FINANCE INDIA PRIVATE LIMITED

RELATED PARTY TRANSACTION POLICY

Aptus Finance India Private Limited (Subsidiary Company) which has been incorporated under the Companies Act, 2013 (CIN: U74900TN2015PTC102252) having its registered office at No. 8B, Doshi Towers, 8th Floor, No. 205, Poonamallee High Road, Kilpauk Chennai – 600010 is a wholly owned subsidiary of M/s. Aptus Value Housing Finance India Limited (Holding Company) a public limited debt listed company incorporated under the Companies Act, 1956 (CIN: U65922TN2009PLC073881) having its registered office at No. 8B, Doshi Towers, 8th Floor, No. 205, Poonamallee High Road, Kilpauk Chennai – 600010

The holding company would be providing / sharing its infrastructure and resources to / with the subsidiary company. These transactions which are proposed between the holding company and subsidiary company would fall under the purview of Related Party Transactions as dealt with under Section 188 of the Companies Act, 2013 and the rules made thereunder and other applicable laws.

This policy, namely, the related party transaction policy is being formulated and is to be implemented to address these aspects.

This policy seeks to address 2 points.

1. Identification and disclosure of Related Party Transactions (RPT)
2. Lay down transfer pricing norms between the holding company and the subsidiary company.

WHO IS A RELATED PARTY

As per Section 2(76) of the Companies Act, 2013 ―related party, with reference to a company, means―.

- A director or his relative
- Key Managerial Personnel or his relative
- A firm, in which a director, manager or his relative is a partner
- A private company in which a director or manager is a member or director

- A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital

- A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except if advice/ directions/ instructions are given in the professional capacity

- Any person on whose advice, directions or instructions a director or manager is accustomed to act, except if advice/ directions/ instructions are given in the professional capacity

- Any company which is:

    - A holding, subsidiary or an associate company of such company, or

    - A subsidiary of a holding company to which it is also a subsidiary

- Such other persons as may be prescribed

As can be clearly seen from the above, holding and subsidiary companies fall into the category of Related Party and hence transactions between these 2 entities will have to be disclosed in the accounts / financial statements as Related party transactions and necessary approvals are required to be obtained from the Audit Committee, Board of Directors and the shareholders, as the case may be as laid down under the Companies Act, 2013 and the rules made thereunder and other applicable laws.

RELATED PARTY TRANSACTIONS

The following transactions would be disclosed as Related party Transactions:

1. Investment by the Holding company into the subsidiary company

2. Other transactions between the holding company and subsidiary company

In the transactions above, the investment by the holding company into the subsidiary needs no further explanation. However, it is essential to cover the other transactions that could be entered into between the holding company and the subsidiary company.

OTHER TRANSACTIONS BETWEEN THE HOLDING COMPANY AND SUBSIDIARY COMPANY

The holding company would be providing sharing its infrastructure and resources to / with the subsidiary company, it becomes necessary for the holding company to transfer / allocate costs / expenses appropriately and proportionately to the subsidiary company to ensure that such transactions are done on an arm's length basis.

All the costs / expenses that are incurred by the subsidiary company directly would be booked in the books of the subsidiary. However, the costs / expenses incurred by the holding where a portion of the benefits / services are utilized / accrue by / to the subsidiary company, such costs / expenses would need to be shared between the 2 entities. Such costs / expenses are listed below.

a. **Personnel costs** – The holding company would be providing or deputing its employees and personnel to manage, administer and handle the business of the subsidiary company in all areas including collections, legal, disbursements, software, customer care, marketing, etc. The holding company would be providing or deputing all kinds and types of employees and personnel who are on the rolls of the holding company to the subsidiary company including Senior Management personnel, Key Management Personnel, Managers, Cashiers, etc. Their costs would have to be proportionately and appropriately transferred / allocated to the subsidiary company.

b. **Expenses for shared infrastructure and resources** – The holding company would be sharing all kinds and types of its infrastructure, assets and resources with the subsidiary company like registered office premises, branch offices and premises, storage premises, servers, computers, work stations, hardware and peripherals, telephone and mobile connections, broad band and internet connectivity, logos, stationery, electricity, etc. Hence the expenses pertaining to such infrastructure, assets and resources like rent, electricity charges, repairs & maintenance, communication expenses, software expenses, stationery expenses, etc. would be shared between the holding company and the subsidiary company.

METHODOLOGY FOR ALLOCATION OF SHARED COSTS

The shared costs / expenses enumerated above would be shared / apportioned between the holding company and subsidiary company in the proportion to the average AUM (Assets under Management) for the relevant period.

The sharing / apportionment ratio may be modified during the course of the financial year with the approval of the Audit Committee / Board.

The Related Party Transactions are to be reviewed by the Audit Committee / Board on a quarterly basis.

Form No. AOC - 2
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

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

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

Name of the related party and nature of relationship	Aptus Value Housing Finance India Limited, Holding Company
Nature of contracts/ arrangements/ transactions	Shared support charges
Duration of the contracts/ arrangements/ transactions	Ongoing
Salient terms of the contracts or arrangements or transactions including the value, if any	The holding company is sharing its infrastructure and resources with the subsidiary company, it becomes necessary for the holding company to transfer / allocate costs / expenses appropriately and proportionately to the subsidiary company to ensure that such transactions are done on an arm's length basis.
Justification for entering into such contracts/ arrangements/ transactions	All the costs / expenses that are incurred by the subsidiary company directly would be booked in the books of the subsidiary. However, the costs / expenses incurred by the holding where a portion of the benefits / services are utilized / accrue by / to the subsidiary company, such costs / expenses would need to be shared between the 2 entities. The same is in the ordinary course of business.
Date of approval by the Board	On May 29, 2020, the Board reviewed and approved the Related Party Transaction Policy.
Amount paid as advance, if any	-
Date on which the special resolution was passed in general meeting as required under the first proviso to section 188	Not Applicable

For and on behalf of the Board of Directors

Sd/-

S Krishnamurthy
Chairman
(DIN: 00066044)

Chennai
June 23, 2021

ANNEXURE B

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Aptus is a growing company and is committed towards social welfare of the common people as it caters the housing needs of self-employed, informal segment of customers, belonging to middle income, primarily from semi urban and rural markets. Your Company has adopted a policy for Corporate Social Responsibility which has been placed in the website of the Company www.aptusfinance.com

As per the CSR policy, your Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing.

The Company will undertake its CSR activities either directly or through a Registered Trust or through a Registered Society or establish another company under Section 8 of the Companies Act, 2013 or even to collaborate with other entities. The implementation Schedule for CSR activities will be dependent on the availability of eligible projects.

Your company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder. The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes / Activities and periodic reports shall be provided for review to the Board as and when necessary.

2. **Composition of the CSR Committee**

S. No.	Name of Director	Designation / Nature of Directorship	No of meetings of CSR Committee held during the year	No of meetings of CSR Committee attended during the year
1	Mr Suma Bollina	Non-Executive Director – Chairman	1	1
2	Mr KM Mohandass	Independent Director	1	1
3	Mr S Krishnamurthy*	Independent Director	1	1
4	Mr R Umasuthan*	Independent Director	-	-

**Mr. R Umasuthan has been inducted in the Committee with effect from February 10, 2021 in place of Mr. S Krishnamurthy, Independent Director.*

3. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: **Not Applicable**

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

5. Average net profit of the company as per section 135(5): Rs 1794.80 Lakhs

6.

(a)	Two percent of average net profit of the company as per section 135(5)	Rs 35.90 Lakhs
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
(c)	Amount required to be set off for the financial year, if any	Nil
(d)	Total CSR obligation for the financial year (6a + 6b - 6c)	Rs 35.90 Lakhs

7.

a. CSR amount spent or unspent for the financial year:

Amount Unspent (in Rs.)				
Total Amount transferred to Unspent CSR Account as per section 135(6)		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)**		
Amount (Rs. in lakhs)	**Date of transfer**	**Name of the Fund**	**Amount (Rs. in lakhs)**	**Date of transfer**
Nil	-	PM CARES Fund	30.90	June 21, 2021

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

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project.		(6) Amount spent for the project (in Rs. lakhs).	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation – Through implementing agency	
				State.	District.			Name	CSR registration number
1	Contribution to PM CARES FUND towards Covid-19 relief	Welfare	No	NA	NA	5.00	Yes	NA	NA
2	Contribution to PM CARES FUND towards Covid-19 relief	Welfare	No	NA	NA	30.90	Yes	NA	NA
	TOTAL					**35.90**			

d. Amount spent in Administrative Overheads: **Nil**

e. Amount spent on Impact Assessment, if applicable: **Not Applicable**

8. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

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

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

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

For and on behalf of the Board of Directors

	sd/-	sd/-
	Suman Bollina	**K M Mohandass**
Chennai	**Chairman of CSR Committee**	**Independent Director**
June 23, 2021	**(DIN: 07136443)**	**(DIN: 00707839)**

ANNEXURE C

POLICY ON APPOINTMENT, REMUNERATION AND EVALUATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT (THE"POLICY")

1. Purpose of this Policy:

Aptus Finance India Private Limited ("Aptus" or the "Company") has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act").

The purpose of this Policy is to establish and govern the procedure applicable:

(a) To evaluate the performance of the members of the Board.
(b) To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
(c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Company should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:

Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Board of Directors, including all functional heads.

Words and expressions used and not defined in this Policy but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. **Composition of the Nomination & Remuneration Committee:**

The composition of the Committee and its terms of reference to be in compliance with the Act and Rules made thereunder, as amended from time to time.

4. **Appointment and removal of Director, KMP and Senior Management:**

4.1 **Appointment criteria and qualification:** The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his/her appointment.

For the appointment of KMP or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

The appointment of KMP can be made by the Board. For administrative convenience, Mr. P Balaji, Director is authorized to identify and appoint a suitable person for positions in the senior management. However, if the need be, he may consult the Committee/Board for further directions/guidance.

4.2 **Term:** The term of the Directors including Independent Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. Whereas the term of the KMP and Senior Management shall be governed as per the provisions of the Act and Rules made thereunder and by the prevailing HR policies of the Company.

4.3 **Evaluation**: The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board or by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

4.4 **Removal**: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or member of Senior Management.

4.5 **Policy Review**: Subject to the recommendations of the Nomination & Remuneration Committee, the Board reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company.

5. **Remuneration of KMP and Senior Management:**

Further, the Board of Directors of the Company is authorized to decide the remuneration of KMP or the Board may delegate this authorization to any Director or person as it deems fit. The remuneration of Senior Management personnel can be decided by Mr. P Balaji, Director based on the standard market practice and prevailing HR policies of the Company.

6. **Remuneration to Non-executive / Independent Director:**

The remuneration/commission/sitting fees, as the case may be, to the Non-Executive/Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee/Board/shareholders.

CRITERIA FOR EVALUATION

Criteria for evaluation of the Board and Non-Independent directors:

1. Composition of the Board and availability of multi-disciplinary skills
2. Commitment to good Corporate Governance Practices
3. Adherence to Regulatory Compliance
4. Track record of financial Performance
5. Grievance redressal mechanism
6. Existence of integrated Risk Management System
7. Use of Modern technology
8. Commitment to CSR
9. Stakeholder focus
10. Knowledge sharing
11. Drive and commitment
12. Financial & Risk Awareness

Criteria for evaluation of Chairman:

1. Leadership qualities
2. Standard of Integrity
3. Understanding of Macroeconomic trends and Micro Industry trends.
4. Public Relations
5. Future Vision and Innovation

Criteria for evaluation of Independent Directors:

1. Qualifications & Experience
2. Standard of Integrity
3. Attendance in Board Meetings/AGM
4. Understanding of Company's business
5. Value addition in Board Meetings

Criteria for evaluation of the Committees:

1. Qualification & Experience of member
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of regulatory compliance
5. Fraud monitoring
6. Defined set of terms of reference
7. Consideration of the recommendations of the committees by the Board
8. Familiarity of the members with the policies, procedures and guidelines of the Committees
9. Receipt of agenda & supporting materials by the members
10. Attendance at committee meetings

ANNEXURE D

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Macro-economic Overview:

Given the impact of the pandemic, the FY 2020-21 was expected to be an extremely challenging year. The consensus was that GDP growth in FY 2021 would not only be negative but also would constitute the greatest fall in growth since 1979-80.

After an estimated correction of 3.3% in 2020, the International Monetary Fund (IMF) has projected the global economy to grow 6% in calendar year 2021 and 4.4% in 2022 on the back of the fiscal and monetary support provided by governments the world over coupled with widespread vaccination.

The degrowth in India's GDP was much larger than expected. For April- June 2020, real GDP contracted by a massive 24.4%. India had never recorded a quarter negative growth since it began issuing such data publicly in 1996. No other large economy shrank so much during the pandemic. In the second quarter, July-September 2020, GDP again contracted by 7.3%. The consensus was that growth in the second half of the fiscal year would be far less than what was needed to erase the effect of the deep recession in the first half.

Economy began to witness early signs on resumption on economic activity in the second half of the year with several high frequency indicators suggesting that the economy was back on to positive growth. The third quarter recorded a GDP growth of 0.4%. And as mentioned earlier, the second advance estimates of national income for FY 2021 released by the CSO indicates a negative GDP growth of 8% for FY 2021. Though this was bad, the contraction will be less than earlier though of – and we should see the fourth quarter showing relatively robust growth. The most recent IMF Forecast has also raised India's GDP growth estimate for FY 2022 from 11.5% to 12.5%.

2. Industry Overview

NBFCs are an important constituent of the financial sector and over the past few years they are recording higher credit growth than schedules commercial banks (SCBs). NBFCs are continuously leveraging their superior understanding of regional dynamics, well-developed collection system and personalized services to expedite financial inclusion in India. Factors that typically differentiated NBFCs from Banks are Lower transaction costs, quick decision making, customer orientation and prompt provision of services. Considering the expanse and reach of NBFCs, these are well-suited for bringing finance gap. Systemically Important NBFCs have demonstrated agility, innovation and frugality to provide formal financial services to millions of Indians.

Over the last decade, NBFCs have witnessed phenomenal growth from being around 12% of the balance sheet size of the Banks in 2010, these are now more than a quarter of the size of banks.

The lockdown impacted every sector in our country. The financial services industry had a more pronounced impact due to the cascading effect of the downturn in cashflows. The proactive measures by RBI, provided flexibility to banks and financial institutions to extend the benefit of moratorium to their borrowers. Initially, the moratorium benefit was extended for dues falling between March 2020 and May 2020, which was later extended to dues falling between June 2020 and August 2020, thereby providing the relief for a period of six months.

Borrower's ability to make payments of their EMI dues was severely impacted as most sectors witnessed significant downturn in cashflows. Against this backdrop, the moratorium was a necessity without which there would have been a complete breakdown of the financial ecosystem. It not only helped the borrowers recoup their cashflows and then make payments on their debt, also allowed a breather to the entire financial system by giving the benefit of asset classification standstill for the moratorium period.

NBFCs and Banks came out with moratorium policies as approved by their Board of Director's and norms which helped them tide over the COVID crisis during the initial first quarter / half of the current financial year. As lockdown restrictions started to ease, there was an improvement in borrower cashflows and the situation returned to reasonable levels of normalcy in the second half of the year for most of the financial institutions.

3. Market Opportunity:

India has a huge proportion of un-banked and underbanked consumers and businesses. IFC estimates that 65 million firms, or 40% of formal micro, small and medium enterprises (MSMEs) in developing countries, have an unmet financing need of USD 5,200 billion every year, which is equivalent to 1.4 times the current level of the global MSME lending. NBFCs play an important role in economic growth and financial inclusion. As the Indian economy grows, the requirement for credit will rise more than proportionately. NBFCs with robust business models, strong liquidity mechanisms and governance & risk management standards are poised to reap the benefit of the market opportunity.

NBFCs that were well prepared with their business continuity and contingency plans quickly bounced back in the post COVID- 19 era. With proper planning and strategic initiatives, NBFCs can limit and overcome the impact of this disruption. The role of NBFCs in powering small businesses in the post-pandemic new world will be even more significant.

With many small and medium enterprises looking for finances to rebuild their businesses, the opportunities have dramatically improved in the post COVID scenario. The risk levels of financing this segment has also more than doubled and any organization lending to small and medium enterprises segment needs to factor the same in their underwriting process when lending to the segment, keeping the market environment as a key factor.

4. APTUS: Business Overview

Aptus Finance India Private Limited is registered with RBI as a non-deposit taking systemically important NBFC. The Company is in the business of providing Secured Financial Solutions to Micro Entrepreneurs and Self-employed individuals who are largely ignored by the formal financial ecosystem. With experience of operating in this borrower segment for the last 5+ years, the Company has developed a unique underwriting model, which is capable of evaluating the credit-worthiness of such borrowers. The Company operates in 4 states and has a borrower base of over 9,800 borrowers as on March 31, 2021.

4.1. Customer Base

We primarily serve low and middle income self-employed customers in the rural and semi-urban markets of India who have limited access to formal banking channels. We offer loans to self-employed customers, whose main source of income is their profession or their business and salaried customers, whose main source of income is salary from their employment. Many of our customers who are individuals do not have formal income proofs, pay slips, or file income tax returns, and as such may be excluded from being served by banks or large financial institutions.

We offer loans to individual for business enhancement purpose against self-occupied property. Loans to self-employed customers accounted for 78% of our AUM, while loans to salaried customer accounted for 22%, as of March 31, 2021. As of March 31, 2021, 73% of our AUM was from customers who belonged to the lower- and middle-income groups, between Rs. 35,000 to Rs. 60,000 per month and 29% of our AUM were from customers who were new to credit. Further, as of March 31, 2021, 82% of our AUM was from customers located in rural regions. We do not provide any loans with a ticket size above Rs. 25 lakhs and the average ticket size of our business loans on the basis of sanctioned amounts was Rs. 6.2 lakhs, as of March 31, 2021.

During the year under review, your Company expanded its distribution network in the states of Tamil Nadu, Andhra Pradesh and Telangana. Distribution network of 190 branches as on March 31, 2021 as compared to 175 branches in the previous year of parent company, Aptus Value Housing Finance India Limited is being used for the business operations of the company.

4.2. Loan--to-Value (LTV) Ratio, EMI and Tenure of Business Loans

We set an LTV ratio range for each of our loan product that is within the relevant range prescribed by the regulatory authorities. Our business loans had an average loan-to-value on AUM of 37.86 % as of March 31, 2021. The amount and LTV of the loan is subject to our credit assessment of the customer and factors including value of the collateral and regulatory limits. Loans are required to be repaid in equated monthly installments (“**EMIs**”) over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan. As of March 31, 2021, the tenure of our business loans can be for a period up to 7 years, and vary according to the purpose of the loan, the customer’s age and the customer segment.

4.3. Interest Rates, Fees and Collateral for Business Loans

We offer our loan customers the option to choose between a fixed or variable interest rate in order to allow them to hedge against unexpected interest rate movements. The pricing of a fixed interest rate loan and the variable interest rate loans is generally determined on the basis of market conditions. We determine our reference rate from time to time based on market conditions and price our loans at either a discount or a premium to our reference rate. For variable rate loans, the interest rate is linked to our reference rate.

We require our customers to pay certain processing fees on sanction of the loan. These fees are subject to change from time to time based on market conditions and regulatory requirements. The underlying collateral for a loan is a land/property towards which the loan is provided for business. The security for loans is created either through an equitable mortgage by way of deposit of title deeds or a registered mortgage of immovable property. We also obtain guarantees from a guarantor for all loans. We offer credit shield insurance to customers wherein the entire loan outstanding is repaid by the insurance company in the event of death of a customer.

4.4. Credit Approval and Disbursement

We operate our business in a centralized manner where underwriting, including the approval process, and disbursement of loans are undertaken at our central office. Our credit officers determine the initial loan eligibility of the customers. The credit officers in our branches are responsible for assessing the customer’s business and their income and expenses by direct field visits, verification of documents providing the customers’ income and other revenue streams, conducting reference checks and responding to queries from our central office. We review financial and other documents such as bank statements, salary slips and educational and technical qualifications. The assessed income is verified with surrogates such as recently created assets, including vehicles, residential lifestyle and education of family members. Our credit officers also use established credit evaluation methodologies such as credit bureau checks to determine the credit history of the customers. Thus by use of technology and through an established manual verification process, our central office then underwrites our customer’s loans.

Our in-house technical and legal team also undertakes field visits to identify the location of the proposed collateral and to trace the flow of the title documents of the proposed collateral and their authenticity. We endeavor to mitigate risk through defined loan documentation, and execution of equitable mortgage prior to the disbursement of the loan. In addition, key terms and conditions are usually communicated to the prospective customers in English and the relevant local language.

4.5. Loan Collection and Monitoring

We have set up a robust and tiered, collections management system with prescribed collection action at each stage of severity of default. All our borrowers register for an automated debit facility, which reduces our cash management risk and we have implemented digitized collection models, which has led to an increase in our collection efficiencies. We employ a structured collection process wherein we remind our customers of their payment schedules through text messages and automated calls to maintain adequate balance in their account on the due date.

4.6. Funding

Our financing requirements historically have been met from several sources, including financing from Aptus Value Housing Finance India Limited ("Holding Company") and other NBFCs, financing from term loans, working capital loans and issuance of non-convertible debentures ("**NCDs**") to meet our capital requirements. We also monetize loans through securitization to banks and financial institutions, which enables us to optimize our cost of borrowings, liquidity and capital. As of March 31, 2021, and March 31, 2020, our Total Borrowings were ₹358.61 crores and ₹242.82 crores and our average cost of borrowings was 9.22 % (on an annualized basis) and 10.24%, respectively. Our average cost of incremental borrowings for the financial year 2021 was 8.50%, as compared to 10.36% for the financial year 2020. Our credit rating during the year was re-affirmed by CARE at A+ (Stable). As of March 31, 2021, we had a positive asset-liability position across all maturity buckets.

5. Information Technology

Information Technology acts as an enabler in our business and helps us in achieving growth, scale of operations, ease of use, customer focus and secure operations.

We have hyper converged infrastructure which can scale operations for a foreseeable future combined with operational simplicity. We have virtualized branches through citrix for data security, ease of expansion with centralized control and monitoring system. In addition, we have robust disaster recovery and business continuity with expandable cloud solution. Aptus have adopted a cyber security policy with risk mitigation, incidence prevention and vulnerability assessment periodically provides availability and reliability of data at all times.

Our lending software is an end to end software solution which provides us with functions such as access control, loan origination, loan management and financial report generation. It has controls and risk management to ensure integrity of the customer data and financial reports. We have implemented Robotic Process Automation (RPA) to eliminate manual processes, increase efficiency and reduce errors. We have implemented browser plug-in to print cheques at our branches which ensures quick disbursement of loans to customers.

Our referral application 'Aptus bandhu' helps us to create a strong sourcing network among the construction eco-system and generate unadulterated leads.

We have a sales application which assist us in on boarding customers and do KYC digitally. The sales application with also help us in monitoring our sales team and will be integrated with our lending software for quick turnaround time. We have implemented several mobility initiatives such as our referral mobile application, which helps us create a strong sourcing network and generate leads.

We have also implemented a Credit Application which does business verification and residence verification to capture our customer's details for quicker credit processing and elimination of errors in credit evaluation. Implementation of Machine learning and Artificial intelligence to our credit score card to help us faster credit decisioning, understanding customer behaviours and also for the business to understand the behavior of profiles based on income type and geography.

We have a technical application which has multiple features like geo tagging of the property from the field, generation of technical and valuation report, automated technical approval and integration with lending application.

Our collections application helps our collections team manage collections effectively and efficiently. This also provides transparency to customers with immediate receipt generation and SMS. It also helps us in efficiently managing our collection team by allocation of overdue customers, tracking of collection progress and also helps our collection team reach customers quickly through route optimization. We have enabled Bharath Bill pay for the convenience of our customers and also encourage digital payments.

We are developing a customer service application to ensure our customers reach us with their service requests and also for them to monitor their loan status and details in the customer service application dashboard.

Our CRM system is automated which helps our team to connect with customers at ease with features such as call transfer, inbound and out-bound call scheduling, issue resolution and tracking of customer service requests.

A continuous process improvement and evaluation of business processes helps us in keeping all the software adapt to the business goals and establish the required controls for integrity.

We have also implemented a human resources management system application to enable and facilitate employee attendance, leave requests, and dissemination of policies and communication to them. It also helps in employee's adherence to guidelines and compliances. Facial recognition and geo tagging is also done to ensure integrity.

We use Power business intelligence as an analytics platform to understand customer related data. This helps us in understanding and managing customer risks.

6. Employees

We share resources and manpower with our holding company and we recruit after conducting reference checks and our new employees undergo training. As part of our human resource initiatives, we have implemented several programs to engage with our employees. We conduct training programs on a periodic basis for our employees on lending operations, underwriting and due diligence, KYC and anti-money laundering norms, risk management, information technology, and grievance redressal. We also encourage staff to attend training programs conducted by RBI and other reputed training institutes.

7. APTUS: Key Performance Highlights

- Revenue increased by 43% in FY 2020-21
- Low cost to income ratio
- Lowest GNPA of 0.51% as of March 31, 2021
- Highest ROA of 9.58% one of the best in the industry
- ROE of 23.04%

8. **APTUS: Strength & Strategies**

Our principal competitive strengths are as follows:

- Presence in large, underpenetrated markets with strong growth potential
- Robust risk management architecture from origination to collections leading to superior asset quality
- In-house operations leading to desired business outcomes

- Domain expertise resulting in a business model difficult to replicate by others in our geographies
- Experienced and stable management team with marquee shareholders and strong corporate governance
- Established track record of financial performance with industry leading profitability
- Focus on the social impact of our business

Our strategies are as follows:

- Continue to focus on low and middle income self-employed customers in rural and semi-urban markets
- Increase penetration in our existing markets and expand our branch network in large housing markets
- Continue to be an asset quality focused financier
- Reduce cost of borrowings by diversifying sources of borrowing and improving credit rating.

ANNEXURE E

COMMITTEES

Committees of the Board

A. Audit Committee

The Audit Committee consists of the following members:

1. Mr. K M Mohandass, Independent Director - Chairman
2. Mr. S Krishnamurthy, Independent Director
3. Mr. R Umasuthan, Independent Director
4. Mr. P Balaji, Non-Executive Director

The Audit Committee of the Board met four (4) times during the year on May 29, 2020, August 11, 2020, November 11, 2020 and February 10, 2021 respectively.

B. Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of the following members:

1. Mr. KM Mohandass, Independent Director - Chairman
2. Mr. S Krishnamurthy, Independent Director
3. Mr. Suman Bollina, Non- Executive Director

The Nomination & Remuneration Committee of the Board met three (3) times during the year on May 29, 2020, November 11, 2020 and February 10, 2021.

C. Resourcing & Business Committee

The Resourcing & Business Committee consists of the following members:

1. Mr. S Krishnamurthy, Independent Director - Chairman
2. Mr. K M Mohandass, Independent Director
3. Mr. P Balaji, Non- Executive Director

The Resourcing & Business Committee of the Board met three (3) times during the year on September 25, 2020, December 26, 2020 and March 22, 2021.

D. Corporate Social Responsibility Committee

The Committee consists of following members:

1. Mr. Suman Bollina, Non-Executive Director - Chairman
2. Mr. K M Mohandass, Independent Director
3. Mr. R Umasuthan, Independent Director *

**Mr. R Umasuthan has been inducted in the Committee with effect from February 10, 2021 in place of Mr. S Krishnamurthy, Independent Director.*

The Corporate Social Responsibility Committee of the Board met once during the year on May 29, 2020.

E. IT Strategy Committee

The Committee consists of following members:

1. Mr. K M Mohandass, Independent Director
2. Mr. R Umasuthan, Independent Director
3. Mr. P Balaji, Non-Executive Director
4. Mr. G Subramaniam, ED - Chief of Business & Risk, Holding Company - Invitee
5. Mr. V Krishnaswami - VP – IT, Holding Company - Invitee

Internal Committees

F. ALCO Committee

1. Mr. P Balaji, Director – Chairman
2. Mr. M Anandan, CMD of Aptus Value Housing Finance India Ltd - Invitee
3. Mr. G Subramaniam, ED – Chief of Risk & Operations of Apus Value Housing Finance India Ltd – Invitee
4. Mr. V Krishnaswami, VP- IT of Apus Value Housing Finance India Ltd - Invitee

G. Risk Management Committee

1. Mr. S Krishnamurthy, Independent Director – Chairman
2. Mr. KM Mohandass, Independent Director
3. Mr. P Balaji, Director
4. Mr. G Subramaniam, ED – Chief of Risk & Operations of Apus Value Housing Finance India Ltd - Invitee.

S Sandeep & Associates
Company Secretaries

S Sandeep B.Com, FCS, LLB
Managing Partner

No.20, "F" Block, Ground Floor, Gemini Parsn Apts,
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SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To,
The Members,

APTUS FINANCE INDIA PRIVATE LIMITED
No 8B, Doshi Towers 8th Floor, No.205, Poonamallee High Road,
Kilpauk, Chennai -600 010

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s. APTUS FINANCE INDIA PRIVATE LIMITED (CIN: U74900TN2015PTC102252) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India on account of the outbreak of Covid-19 pandemic we hereby report that in our opinion, the Company has, during the audit, period covering the financial year ended on March 31, 2021, generally complied with the statutory provisions listed hereunder, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as applicable to the Company;

S SANDEEP
COP 5987
FCS 5853
COMPANY SECRETARY

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as applicable to the Company.

iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent as applicable to the Company. The Company does not have any Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.

v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable:

a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

vi. The Company has complied with the following laws to the extent applicable specifically to the Non-Banking Financial Company identified (NBFC):

(a) Reserve Bank of India Act, 1934, and the RBI Directions and Guidelines as applicable to NBFCs;
(b) The Prevention of Money Laundering Act, 2002

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

i. Listing agreements entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non-Convertible Debentures.
ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meetings issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that, during the period under review, the Company has, in our opinion complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

S SANDEEP COP 5987 FCS 5853 COMPANY SECRETARY

We further report that

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

- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the applicable provisions of the Act, and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- Majority decision is carried through and there were no dissenting views of the members.

- The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable; and

- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, Securities Exchange Board of India Act, 1992, The Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Foreign Exchange Management Act, 1999 and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

- The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

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

S SANDEEP COMPANY SECRETARY
COP 5987
FCS 5853

We further report that, during the audit period the Company has allotted:

a. 250 Secured Rated Unlisted Redeemable Non-Convertible Debentures amounting to Rs. 25,00,00,000/- (Rupees Twenty-Five crores only) on September 7, 2020 by way of private placement.

b. passed a special resolution under Section 180(1)(c) of the Act at the fifth annual general meeting held on August 10, 2020 fixing the borrowing limits as Rs. 600 Crores.

c. passed a special resolution under Section 42 and 71 of the Act at the fifth annual general meeting held on August 10, 2020 for private placement of debentures up to a sum of Rs. 150 Crores.

For S Sandeep & Associates

S SANDEEP
COP 5987
FCS 5853
COMPANY SECRETARY

Place: Chennai

Date: June 23, 2021
UDIN:F005853C000501227
PR No. 1116/2021

S Sandeep
Managing Partner
FCS No.5853; COP No. 5987

MSKA
& Associates
Chartered Accountants

Floor 5, Main Building, Guna Complex
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Teynampet, Chennai 600018, INDIA
Tel: + 91 44 6131 0200

INDEPENDENT AUDITOR'S REPORT

To the Members of Aptus Finance India Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aptus Finance India Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 35 to the accompanying Financial Statements, which describes the continuing economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Company's operations and financial metrics, including the Company's estimates of impairment of loans and that such estimates may be affected by the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

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& Associates
Chartered Accountants

Key Audit Matters

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

Impairment for Financial assets based on expected credit loss model (Refer to note 2.1.5 & note 35 to the financial statements)

Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Company. The Company has advances aggregating Rs. 57768.29 Lakhs as at March 31, 2021.

As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Company is required to estimates the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward looking factors, micro- and macro-economic factors, in estimating the expected credit losses. Additionally, considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has maintained a management overlay of Rs.50 lakhs as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated.

Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.

How the Key Audit Matter was addressed in our audit
Our audit procedures with respect to this matter included, but were not limited to, the following:

- Read and assessed the Company's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements.
- For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management.
- Performed tests of controls and details on a sample tests basis in respect of the staging of outstanding exposures, implementation of Company policy in response to COVID-19 and other relevant data used in impairment computations prepared by management as compared to the Company's policy.

MSKA & ASSOCIATES * CHENNAI * Chartered Accountants *

- Obtained an understanding of the basis and methodology adopted by management to determine probability of defaults, exposure at default and the loss given defaults for various loans and tested the same on a sample basis.
- Assessed the considerations applied by the management for staging of loans as Significant Increase in Credit Risk or default categories in view of COVID-19 pandemic.
- Enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic and evaluated the reasonableness thereof.
- Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.
- Verified disclosures included in the Financial Statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

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In preparing the financial statements, the Board of Directors 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 the Board of Directors 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.
We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

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

i. The Company does not have any pending litigations which would impact its financial position

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 6 to the financial statements;

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

3. In our opinion, the managerial remuneration for the year ended March 31, 2021 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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES CHENNAI Chartered Accountants

Geetha Jeyakumar
Partner
Membership No.029409
UDIN: 21029409AAAAFH6189

Place: Chennai
Date: June 23, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF APTUS FINANCE INDIA PRIVATE LIMITED

Auditor's Responsibilities for the Audit of the 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 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 internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

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

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

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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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES CHENNAI Chartered Accountants

Geetha Jeyakumar
Partner
Membership No.029409
UDIN: 21029409AAAAFH6189

Place: Chennai
Date: June 23, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF APTUS FINANCE INDIA PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2021.

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

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

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

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company's business does not involve inventory and accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the services of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

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Chartered Accountants

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, employees' state insurance, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to the financial institution, bank or dues to debenture holders

ix. In our opinion, according to the information explanation provided to us, money raised by way of debt instruments and term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

MSKA & ASSOCIATES
CHENNAI
Chartered Accountants

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. According to the information and explanations given to us, we report that the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No.029409
UDIN: 21029409AAAAFH6189

Place: Chennai
Date: June 23, 2021

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF APTUS FINANCE INDIA PRIVATE LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to financial statements of Aptus Finance India Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

MSKA & ASSOCIATES
CHENNAI
Chartered Accountants

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No.029409
UDIN: 21029409AAAAFH6189

MSKA & ASSOCIATES CHENNAI Chartered Accountants

Place: Chennai
Date: June 23, 2021

Aptus Finance India Private Limited
Balance Sheet as at March 31, 2021

Rs. in lakhs

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
1	**Financial assets**			
(a)	Cash and cash equivalents	4	1,516.49	225.51
(b)	Bank Balance other than cash and cash equivalents	5	536.62	203.80
(c)	Loans	6	57,644.97	42,741.49
(d)	Other financial assets	7	171.41	3.62
	TOTAL FINANCIAL ASSETS		**59,869.49**	**43,174.42**
2	**Non-financial assets**			
(a)	Deferred tax assets (Net)	8	209.31	182.71
(b)	Property, plant and equipment	9A	-	0.09
(c)	Intangible assets	9B	-	1.21
(d)	Other non-financial assets	10	4.09	16.30
	TOTAL NON-FINANCIAL ASSETS		**213.40**	**200.31**
	TOTAL ASSETS		**60,082.89**	**43,374.73**
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial Liabilities**			
(a)	Payables			
	Trade payables	24.2		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		47.45	15.80
(b)	Debt securities	11	4,874.26	4,003.68
(c)	Borrowings (other than debt securities)	12	30,986.29	20,277.89
(d)	Other financial liabilities	13	113.57	9.69
	TOTAL FINANCIAL LIABILITIES		**36,021.57**	**24,307.06**
2	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)	14	101.59	56.78
(b)	Other non-financial liabilities	15	11.05	9.47
	TOTAL NON-FINANCIAL LIABILITIES		**112.64**	**66.25**
	TOTAL LIABILITIES		**36,134.21**	**24,373.31**
3	**EQUITY**			
(a)	Equity share capital	16	10,080.00	10,080.00
(b)	Other equity	17	13,868.68	8,921.42
	TOTAL EQUITY		**23,948.68**	**19,001.42**
	TOTAL LIABILITIES AND EQUITY		**60,082.89**	**43,374.73**
	The accompanying notes are integral part of the financial statements.			

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration. No : 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date : June 23, 2021

For and on behalf of the Board of Directors
Aptus Finance India Private Limited
CIN - U74900TN2015PTC102252

K M Mohandass
Director
DIN: 00707839

P Balaji
Director
DIN: 07904681

Vivek Mehta
Manager & CFO

Jyoti Munot
Company Secretary

Place : Chennai
Date : June 23, 2021

Aptus Finance India Private Limited

Statement of Profit and Loss for the year ended March 31, 2021

Rs. in lakhs

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Revenue from operations			
(a)	Interest income	18	10,485.08	7,058.54
(b)	Net gain on fair value changes	18	0.86	23.23
(c)	Fees and commission income	18	213.93	145.00
	Total Revenue from operations		**10,699.87**	**7,226.77**
2	Other income	19	220.55	366.84
3	**Total income (1+2)**		**10,920.42**	**7,593.61**
4	**Expenses**			
(a)	Finance costs	20	2,957.42	2,270.36
(b)	Employee benefits expense	21	41.61	42.25
(c)	Depreciation and amortisation expense	9A,9B	1.30	1.27
(d)	Impairment on financial instruments	22	88.18	17.70
(e)	Other expenses	23	1,168.92	1,252.04
	Total expenses		**4,257.43**	**3,583.62**
5	**Profit before tax (3-4)**		6,662.99	4,009.99
6	**Tax expense**			
	- Current tax	8	1,742.34	1,091.15
	- Deferred tax	8	(26.61)	(67.47)
			1,715.73	**1,023.68**
7	**Profit for the year (5-6)**		**4,947.26**	**2,986.31**
8	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss		-	-
	(ii) Items that will be reclassified to profit or loss		-	-
	Other comprehensive income for the year		-	-
9	**Total comprehensive income for the year (7+8)**		**4,947.26**	**2,986.31**
10	**Earnings per share (Equity shares, par value Rs. 10/- each):**	27		
	(a) Basic (in Rs.)		4.91	3.19
	(b) Diluted (in Rs.)		4.91	3.19
	The accompanying notes are integral part of the financial statements.			

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration. No.: 105047W

Geetha Jeyakumar

Partner

Membership No. 029409

Place : Chennai

Date : June 23, 2021

For and on behalf of the Board of Directors

Aptus Finance India Private Limited

CIN - U74900TN2015PTC102252

K M Mohandass
Director
DIN: 00707839

P Balaji
Director
DIN: 07904681

Vivek Mehta
Manager & CFO

Jyoti Munot
Company Secretary

Place : Chennai

Date : June 23, 2021

Aptus Finance India Private Limited

Statement of Changes in Equity for the year ended March 31, 2021

1. Equity share capital

Rs. in lakhs

Particulars	Amount
Balance as at April 1, 2019	9,000.00
Changes in equity share capital during the year	
(a) Fresh issue of equity shares	1,080.00
Balance as at March 31, 2020	**10,080.00**
Changes in equity share capital during the year	
(a) Fresh issue of equity shares	-
Balance as at March 31, 2021	**10,080.00**

2. Other equity

Rs. in lakhs

Particulars	Reserves and Surplus				Total
	Securities Premium	Statutory Reserve	Impairment Reserve	Retained Earnings	
Balance as at April 1, 2019	-	**198.68**	-	**768.43**	**967.11**
Profit (loss) for the year (net of tax)	-	-	-	2,986.31	2,986.31
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-
Securities Premium on Allotment of Equity Shares during the year	4,968.00	-	-	-	4,968.00
Appropriations to Reserves	-	597.26	90.26	(687.52)	-
Balance as at March 31, 2020	**4,968.00**	**795.94**	**90.26**	**3,067.22**	**8,921.42**
Profit (loss) for the year (net of tax)	-	-	-	4,947.26	4,947.26
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-
Appropriations to Reserves	-	989.45	61.31	(1,050.76)	-
Balance as at March 31, 2021	**4,968.00**	**1,785.39**	**151.57**	**6,963.72**	**13,868.68**

Notes:

Refer Note 17.2 for description of nature and purpose of each reserve.

The accompanying notes are integral part of the financial statements.

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration No. 105047W

Geetha Jeyakumar

Partner

Membership No. 029409

Place : Chennai

Date : June 23, 2021

For and on behalf of the Board of Directors

Aptus Finance India Private Limited

CIN - U74900TN2015PTC102252

K M Mohandass

Director

DIN: 00707839

P Balaji

Director

DIN: 07904681

Vivek Mehta

Manager & CFO

Jyoti Munot

Company Secretary

Place : Chennai

Date : June 23, 2021

Aptus Finance India Private Limited
Statement of Cash Flow for the year ended March 31, 2021

Rs. in lakhs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
Cash flows from operating activities				
Profit before tax		6,662.99		4,009.99
Adjustments for:				
Finance costs	2,957.42		2,270.36	
Interest income from bank deposits	(17.89)		(57.55)	
Net gain on change in fair value	(0.86)		(23.23)	
Depreciation and amortisation expense	1.30		1.27	
Impairment on Financial Instruments	88.18		17.70	
		3,028.15		2,208.55
Operating profit before working capital changes		9,691.14		6,218.54
Movements in working capital:				
Increase in loans	(14,991.66)		(21,337.29)	
Increase in other financial assets	(167.79)		(2.12)	
(Increase) / Decrease in other non-financial assets	12.21		(14.41)	
Increase / (Decrease) in trade payables	31.65		(15.70)	
Increase in Other financial liabilities	103.88		8.29	
Increase / (Decrease) in Other non-financial liabilities	1.58	(15,010.13)	(5.29)	(21,366.53)
Cash used in operations		(5,318.99)		(15,147.99)
Finance cost paid		(2,982.70)		(2,504.44)
Direct Taxes paid		(1,697.52)		(1,131.87)
Net cash used in operating activities (A)		**(9,999.21)**		**(18,784.30)**
Cash flows from investing activities				
Deposits placed with banks, net	(318.40)		(193.17)	
Interest received on bank deposits	3.47		46.92	
Purchases of investments	600.00		23,199.90	
Redemption of investments	(600.00)		(23,199.90)	
Income received from mutual funds	0.86		23.23	
Net cash used in investing activities (B)		**(314.07)**		**(123.02)**
Cash flows from financing activities				
Proceeds from issue of equity shares (including securities premium)	-		6,048.00	
Proceeds from issue of debt securities	2,500.00		5,000.00	
Repayment of debt securities	(1,666.67)		(937.50)	
Proceeds from borrowings (other than debt securities)	27,627.21		19,244.55	
Repayment of borrowings (other than debt securities)	(16,856.28)		(10,255.72)	
Net cash flow from financing activities (C)		**11,604.26**		**19,099.33**
Net increase in cash and cash equivalents (A+B+C)		**1,290.98**		**192.01**
Cash and cash equivalents at the beginning of the year		225.51		33.50
Cash and cash equivalents at the end of the year (Refer Note 4)		**1,516.49**		**225.51**
The accompanying notes are integral part of the financial statements.				

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration. No.: 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date : June 23, 2021

For and on behalf of the Board of Directors
Aptus Finance India Private Limited
CIN - U74900TN2015PTC102252

K M Mohandass
Director
DIN: 00707839

P Balaji
Director
DIN: 07904681

Vivek Mehta
Manager & CFO

Jyoti Munot
Company Secretary

Place : Chennai
Date : June 23, 2021

APTUS FINANCE INDIA PRIVATE LIMITED CHENNAI

1. Corporate Information

Aptus Finance India Private Limited ("the company") was incorporated on September 18, 2015 with the primary objective of carrying on the business of providing finance in the form of loan against immovable properties. The Company with CIN: U74900TN2015PTC102252, is a Private Limited Company domiciled in India. The Registered Office of the Company is located at No. 8B, Doshi Towers, 8th Floor, No: 205, Poonamallee High Road, Kilpauk, Chennai. The Company has been granted the certificate of registration dated December 16, 2016 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution. The Company is a non-deposit taking systemically important Non-Banking Financial Company ('NBFC-ND- SI').

2. Significant accounting policies

Basis of preparation and presentation

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial assets and liabilities measured at fair value that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the RBI to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

The financial statements were approved for issue in accordance with a resolution of the directors on June 23, 2021.

Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 32.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the Company and/or its counterparties.

2.1 Financial Instruments

2.1.1 Financial instruments – initial recognition

2.1.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Company (as per the terms of the agreement with the borrowers). The Company recognises debt securities and borrowings when funds reach the Company.

2.1.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit and loss ("FVTPL"), transaction costs are added to, or subtracted from, this amount.

2.1.1.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost or FVTPL or Fair Value through Other Comprehensive Income ("FVOCI").

2.1.2 Financial assets and liabilities

2.1.2.1 Bank balances, Loans and financial investments at amortised cost

The Company measures bank balances, loans, and other financial investments at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

2.1.2.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages Company's of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.1.2.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2.1.2.2 Financial assets or financial liabilities held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

2.1.2.3 Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in Other Comprehensive Income ("OCI"). Equity instruments at FVOCI are not subject to an impairment assessment.

2.1.2.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being

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an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

2.1.3 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.1.4 Derecognition of financial assets and liabilities

2.1.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes. When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors: (i) Change in counterparty (ii) If the modification is such that the instrument would no longer meet the SPPI criterion (iii) If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2.1.4.2 Derecognition of financial assets other than due to substantial modification

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either: the Company has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Control is considered 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.

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

In case when transfer of a part of financial asset qualifies for derecognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is derecognised as a gain or loss on decrease of such financial asset.

2.1.4.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.1.5 Impairment of financial assets

2.1.5.1 Overview of the ECL principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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:

When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

Stage 3:

Loans considered credit-impaired. The Company records an allowance for the LTECLs.

Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days past dues	ECL
Stage 1	Up to 30 days	12 month ECL
Stage 2	31 up to 90 days	Lifetime ECL
Stage 3	90 days and above	Lifetime ECL

In addition to days past due, the Company also considers other qualitative factors in determining significant increase in credit risks.

2.1.5.2 The calculation of ECLs

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

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.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

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.

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

The mechanics of the ECL method are summarised below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

Estimates and associated assumptions applied in preparing the financial statements, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Group has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans.

2.1.5.3 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. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

2.2 Recognition of Interest

2.2.1 The effective interest rate method

Interest income and expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.2.2 Interest Income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

2.2.3 Fees and commission Income

Fees and commission Income include fees other than those that are an integral part of EIR. The fees included in this part of the Company's statement of profit or loss include among other things fees charged for servicing a loan including cheque bounce charges, field visit charges, pre-closure charges etc when there is no uncertainty on ultimate collection.

2.2.4 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

2.2.5 Borrowing cost

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

2.3 Taxes

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the *timing* of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2.4 Property, plant and equipment ('PPE') and intangible assets

PPE is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Depreciation on the following categories of PPE has been provided on the straight-line method, the useful lives of which have been assessed as under, based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The other assets have been depreciated on straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Particulars	Estimated Life
Office Equipment	3 years
Computer Software	License Period or 3 years, whichever is lower

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Individual assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

An item of PPE 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 sale proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Intangible Assets

The Company's intangible assets mainly include the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

2.5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken in to account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material) (when the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability). When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

2.7 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

2.7.1 Cash and cash equivalents

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

2.8 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity

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shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.9 Segment Reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Company's performance based on an analysis of various performance indicators by business segments and geographic segments.

As per the requirements of Ind AS 108 "Operating Segments", based on evaluation of financial information for allocation of resources and assessing performance, the Company has identified a single segment, viz. "providing loans against properties". Accordingly, there are no separate reportable segments as per Ind AS 108.

2.10 Determination of Fair value

The Company measures financial instruments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments**–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are

comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

- **Level 3 financial instruments** –Those that include one or more unobservable input that is significant to the measurement as whole.

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

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period.

In the process of applying the Company's accounting policies, management has made the following judgements/estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1 De-recognition of Financial instruments

The Company enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Company has been exposed to. Based on this assessment, the Company believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Company hence it has been concluded that securitisation transactions entered by the Company does not qualify for de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

3.2 Fair value of financial instruments

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

3.3 Impairment of financial asset

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

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3.4 Provisions and other contingent liabilities

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

Standards notified but not yet effective

There are no new standards that are notified, but not yet effective, up to the date of issuance of the Company's financial statements.

4 Cash and cash equivalents

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	24.80	18.53
Balances with banks - In current accounts	1,491.69	206.98
	1,516.49	**225.51**

Note: Cash and cash equivalents include an amount of Rs. 232.16 lakhs (March 31, 2020: 152.48 lakhs) collected in respect of securitised loans pending remittance to the investors.

5 Bank Balance other than cash and cash equivalents

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Bank deposits	511.57	193.17
Interest Accrued but not due on Deposits with Banks	25.05	10.63
	536.62	**203.80**

The Company has given fixed deposits as credit enhancement for securitisation transactions entered by it, amounting to Rs. 511.57 lakhs (March 2020 : Rs. 193.17 lakhs).

6 Loans

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Term loans carried at amortised cost	57,768.29	42,776.63
Total Term loans (gross)	**57,768.29**	**42,776.63**
Less: Impairment loss allowance	(123.32)	(35.14)
Total Term loans (net)	**57,644.97**	**42,741.49**

Notes:
(i) All term loans are originated in India.
(ii) Term loans are secured by deposit of original title deeds of immovable properties with the Company and / or registered mortgage of title deeds.
(iii) Securitisation of financial assets
The Company securitises certain receivables and surrenders control over these receivables, though it continues to act as an agent for the collection of these receivables. The Company also provides credit enhancements to the transferee by way of agreeing to bear a portion of default losses. Because of the existence of credit enhancements, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset, and hence, such transfer does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer amounting to Rs. 9,127.52 lakhs (March 31, 2020: 5,344.55 lakhs) during the year are recorded as borrowings. Amount outstanding on such transactions as at March 31, 2021 is Rs. 12,489.80 lakhs (March 31, 2020 - Rs. 4,496.73 lakhs).
Refer Note 31 for financial assets securitised.
(iv) Refer Note 28.13 for contractual maturities.
(v) There are no outstanding loan to Public Institution.
(vi) Term loans do not include any loans given to employees of the Company.

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6.1 Summary of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans:

6.1.1 Reconciliation of gross carrying amount is given below:

Rs. in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying amount opening balance	40,928.87	1,641.03	206.73	42,776.63	21,415.12	12.60	11.62	21,439.34
New assets originated / Increase in existing assets	20,770.24	-	-	20,770.24	23,641.99	451.51	12.81	24,106.31
Exposure de-recognised / matured / repaid	(5,503.42)	(256.40)	(18.76)	(5,778.58)	(2,730.63)	(38.39)	-	(2,769.02)
Transfers to Stage 1	376.45	(413.49)	37.04	-	-	-	-	-
Transfers to Stage 2	(4,936.18)	4,955.16	(18.98)	-	(1,397.61)	1,221.17	176.44	-
Transfers to Stage 3	(87.87)	-	87.87	-	-	(5.86)	5.86	-
Gross carrying amount closing balance	**51,548.09**	**5,926.30**	**293.90**	**57,768.29**	**40,928.87**	**1,641.03**	**206.73**	**42,776.63**

6.1.2 Reconciliation of ECL balance is given below:

Rs. in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	23.34	1.72	10.08	35.14	15.83	0.03	1.57	17.43
New assets originated / Increase in existing assets	95.22	-	-	95.22	11.18	0.45	0.36	11.99
Exposure de-recognised / matured / repaid	(5.32)	(0.20)	(1.52)	(7.04)	(1.23)	-	-	(1.23)
Transfers to Stage 1	(76.20)	14.08	62.12	-	-	-	-	-
Transfers to Stage 2	0.09	3.71	(3.80)	-	(0.96)	0.96	-	-
Transfers to Stage 3	0.97	-	(0.97)	-	(0.16)	(0.02)	0.18	-
Impact on account of exposures transferred during the year between stages	-	-	-	-	(1.32)	0.30	7.97	6.95
ECL allowance - closing balance	**38.10**	**19.31**	**65.91**	**123.32**	**23.34**	**1.72**	**10.08**	**35.14**

6.2 Internal rating grade (Loans measured at amortised cost)

The internal rating grade is assigned based on the ageing (Days Past Due - DPD) of the loans viz., Low risk (DPD of 0 to 30 days); Medium risk (DPD of 31 up to 90 days); High risk (DPD of 90 days and above)

Rs. in lakhs

Grade	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk	51,548.09	-	2.01	51,550.10	40,910.63	1,641.03	-	42,551.66
Medium Risk	-	5,926.30	4.56	5,930.86	18.24	-	134.45	152.69
High Risk	-	-	287.33	287.33	-	-	72.28	72.28
Total	**51,548.09**	**5,926.30**	**293.90**	**57,768.29**	**40,928.87**	**1,641.03**	**206.73**	**42,776.63**

7 Other financial assets

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good, Unsecured - At Amortised Cost		
Security deposits	1.50	1.50
Accrued Income	6.50	2.12
Ex-gratia receivable (Refer note below)	163.41	-
	171.41	**3.62**

The Government of India has announced the Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (March 1, 2020 to August 31, 2020) (the 'Scheme') on October 23, 2020, which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by respective lending institutions by November 5, 2020. The Scheme is applicable to the borrowers of the Company. Accordingly under the said scheme, the Company has disclosed the ex-gratia amount of Rs. 163.41 lakhs as receivable under the head "Other financial assets" and payable to borrowers under the head "other financial liabilities" in the Balance Sheet as at March 31, 2021. There is no impact on Statement of Profit and Loss for the year ended March 31, 2021 on account of above scheme.

8 Deferred tax assets / (liabilities) (Net)

Rs. in lakhs

Components of deferred tax asset / (liability)	As at April 01, 2020	(Charged) / Credited to Profit and Loss	(Charged) / Credited to OCI	As at March 31, 2021
Tax effect of items constituting deferred tax assets:				
Impairment Loss Allowance	8.84	22.20	-	31.04
Difference between written down value of PPE and intangible assets as per books and as per Section 32 of Income-tax Act, 1961	0.03	0.20	-	0.23
Transaction charges relating to loans	218.78	29.91	-	248.69
Tax effect of items constituting deferred tax assets	**227.65**	**52.31**	-	**279.96**
Tax effect of items constituting deferred tax (liabilities):				
Transaction charges relating to debt securities and borrowings other than debt securities	(42.41)	(11.65)	-	(54.06)
Others	(2.53)	(14.06)	-	(16.59)
Tax effect of items constituting deferred tax (liabilities)	**(44.94)**	**(25.71)**	-	**(70.65)**
Net deferred tax assets / (liabilities)	**182.71**	**26.60**	-	**209.31**

Rs. in lakhs

Components of deferred tax asset / (liability)	As at April 01, 2019	(Charged) / Credited to Profit and Loss	(Charged) / Credited to OCI	As at March 31, 2020
Tax effect of items constituting deferred tax assets:				
Preliminary Expenses not written off	0.78	(0.78)	-	-
Impairment Loss Allowance	5.08	3.76	-	8.84
Difference between written down value of PPE and intangible assets as per books and as per Section 32 of Income-tax Act, 1961	-	0.03	-	0.03
Transaction charges relating to loans	118.38	100.40	-	218.78
Tax effect of items constituting deferred tax assets	**124.24**	**103.41**	-	**227.65**
Tax effect of items constituting deferred tax (liabilities):				
Transaction charges relating to debt securities and borrowings other than debt securities	(8.47)	(33.94)	-	(42.41)
Others	(0.53)	(2.00)	-	(2.53)
Tax effect of items constituting deferred tax (liabilities)	**(9.00)**	**(35.94)**	-	**(44.94)**
Net deferred tax assets / (liabilities)	**115.24**	**67.47**	-	**182.71**

Note:
Reconciliation of Effective tax rate
The income tax expense for the year can be reconciled to the accounting profit / (loss) as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Profit before tax	6,662.99	4,009.99
(B) Enacted tax rates in India (including surcharge and cess)	25.17%	25.17%
(C) Income tax on profit before tax based on the enacted rate	1,676.94	1,009.23
(D) Other than temporary differences		
- Effect of change in tax rate	-	15.64
- Effect of income that is exempt from taxation	-	(5.72)
- Effect of inadmissible expenses	38.74	5.10
- Effect of admissible deductions	-	(1.26)
- Effect of others adjustments	0.05	0.69
(E) Income tax expense recognised in Profit and Loss	**1,715.73**	**1,023.68**

The income tax rate used for the above reconciliations are the corporate tax rate payable by the Company in India on taxable profits under the Income-tax Act, 1961.

During the year ended March 31, 2020, the Company had elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2021 and March 31, 2020 basis the rate provided in the said section and re-measured its opening balance of deferred tax assets ("DTA") (net) as at April 1, 2019 and has reversed DTA of Rs. 15.64 lakhs in the statement of profit and loss.

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

9A Property, plant and equipment

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of :		
a) Office Equipment	-	0.09
	-	**0.09**

Rs. in lakhs

Particulars	Office Equipments	Total
Cost / Deemed cost		
Balance at April 1, 2019	**0.21**	**0.21**
Additions during the year	-	-
Disposals during the year	-	-
Balance at March 31, 2020	**0.21**	**0.21**
Additions during the year	-	-
Disposals during the year	-	-
Balance at March 31, 2021	**0.21**	**0.21**
Accumulated depreciation		
Balance at April 1, 2019	**0.05**	**0.05**
Depreciation expense for the year	0.07	**0.07**
Elimination on disposals during the year	-	-
Balance at March 31, 2020	**0.12**	**0.12**
Depreciation expense for the year	0.09	**0.09**
Elimination on disposals during the year	-	-
Balance at March 31, 2021	**0.21**	**0.21**
Carrying amount		
Balance at April 1, 2019	0.16	**0.16**
Additions during the year	-	-
Disposals during the year	-	-
Depreciation expense for the year	(0.07)	**(0.07)**
Balance at March 31, 2020	**0.09**	**0.09**
Additions during the year	-	-
Disposals during the year	-	-
Depreciation expense for the year	(0.09)	**(0.09)**
Balance at March 31, 2021	-	-

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9B Intangible assets

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of :		
a) Computer software	-	1.21
	-	**1.21**

Rs. in lakhs

Particulars	Computer software	Total
Cost / Deemed cost		
Balance at April 1, 2019	**3.60**	**3.60**
Additions during the year	-	-
Disposals during the year	-	
Balance at March 31, 2020	**3.60**	**3.60**
Additions during the year	-	-
Disposals during the year	-	-
Balance at March 31, 2021	**3.60**	**3.60**
Accumulated amortisation		
Balance at April 1, 2019	**1.19**	**1.19**
Amortisation expense for the year	1.20	1.20
Elimination on disposals during the year	-	-
Balance at March 31, 2020	**2.39**	**2.39**
Amortisation expense for the year	1.21	1.21
Elimination on disposals during the year	-	-
Balance at March 31, 2021	**3.60**	**3.60**
Carrying amount		
Balance at April 1, 2019	2.41	**2.41**
Additions during the year	-	-
Disposals during the year	-	-
Amortisation expense for the year	(1.20)	(1.20)
Balance at March 31, 2020	**1.21**	**1.21**
Additions during the year	-	
Disposals during the year	-	-
Amortisation expense for the year	(1.21)	(1.21)
Balance at March 31, 2021	-	-

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10 Other non-financial assets

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good, Unsecured		
Prepaid expenses	4.09	1.30
Other advances	-	15.00
	4.09	**16.30**

11 Debt securities

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured redeemable non-convertible debentures - At amortised cost (Within India)	4,874.26	4,003.68
	4,874.26	**4,003.68**

(a) Details of Secured Redeemable Non-Convertible Debentures ("NCDs") - Redeemable at par:

No of Debentures	Rate of Interest	Due date of redemption	Balance Outstanding	
			Face Value	As at March 31, 2021
			Rs.	Rs. in lakhs
5,000	10.75%	March 5, 2023	56,250.00	2,790.34
(5,000)	(10.75%)	(March 5, 2023)	(81,250.00)	(4,003.68)
250	8.90%	September 7, 2023	10,00,000.00	2,083.92

Note : Previous Year figures have been disclosed in 'Brackets'

(i) Redeemable Non-Convertible Debentures are secured by hypothecation of specified term loans amounting to Rs. 6,499.80 lakhs as at March 31, 2021 (March 31, 2020 - Rs. 5,349.59).

(ii) Debentures aggregating to Rs. 4,895.83 lakhs as at March 31, 2021 (March 31, 2020 - Rs. 4,062.50 lakhs) has been guaranteed by Aptus Value Housing Finance India Limited, the Holding Company.

(iii) The Company has not defaulted in the repayment of dues to its lenders during any of the reporting years.

(iv) Refer Note 28.13 for contractual maturities.

12 Borrowings (other than debt securities)

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - At amortised cost (Within India)		
Term loans		
Scheduled banks	16,696.49	10,681.16
Holding company	1,800.00	5,100.00
Securitisation loans	12,489.80	4,496.73
	30,986.29	**20,277.89**

(a) Terms of repayment of term loans are as follows:

Rs. in lakhs

Rate of Interest	Tenure	Balance Outstanding	
		As at March 31, 2021	As at March 31, 2020
8.00%-9.00%	2-5 years	6,905.85	-
9.00%-10.00%		9,107.97	5,897.21
10.00%-11.00%		2,482.67	9,883.95
Total		**18,496.49**	**15,781.16**

(b) Terms of repayment of securitisation loans are as follows:

Rs. in lakhs

Rate of Interest	Tenure	Balance Outstanding	
		As at March 31, 2021	As at March 31, 2020
7.50%-8.00%	5-7 years	9,110.56	-
10.00%-11.00%		3,379.24	4,496.73
Total		**12,489.80**	**4,496.73**

(i) Term loans are secured by hypothecation of specified term loans amounting to Rs. 23,143.52 lakhs as at March 31, 2021 (March 31, 2020 - Rs. 19,628.57 lakhs).

(ii) The Company has not defaulted in the repayment of borrowings and interest.

(iii) Loans aggregating to Rs. 16,779.57 lakhs as at March 31, 2021 (March 31, 2020 - Rs. 10,721.11 lakhs) has been guaranteed by Aptus Value Housing Finance India Limited, the Holding Company.

(iv) Refer Note 28.13 for contractual maturities.

(v) The secured term loans are availed from various scheduled banks and the Holding Company. These loans are repayable as per the individual contracted terms in one or more instalments.

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

13 Other financial liabilities

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost		
Advances from customers	5.60	0.58
Other payables	107.97	9.11
	113.57	**9.69**

14 Current tax liabilities (Net)

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Income Tax (net) (Refer note (i) below)	101.59	56.78
	101.59	**56.78**
(i) Net of Advance Tax and Tax Deducted at Source	3,195.02	1,561.49

15 Other non-financial liabilities

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	11.05	9.47
	11.05	**9.47**

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16 Equity Share capital

Rs. in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
(i) Authorised share capital Equity shares of Rs. 10 each	11,00,00,000	11,000.00	11,00,00,000	11,000.00
(ii) Issued and subscribed share capital Equity shares of Rs. 10 each - Fully paid-up	10,08,00,000	10,080.00	10,08,00,000	10,080.00
	10,08,00,000	10,080.00	10,08,00,000	10,080.00

Notes:

a) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:**

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity shares			
Year ended March 31, 2021			
- Number of shares	10,08,00,000	-	10,08,00,000
- Amount (Rs. in lakhs)	10,080.00	-	10,080.00
Year ended March 31, 2020			
- Number of shares	9,00,00,000	1,08,00,000	10,08,00,000
- Amount (Rs. in lakhs)	9,000.00	1,080.00	10,080.00

(b) During the year ended March 31, 2020, the Company had allotted 1,08,00,000 equity shares of Rs. 10 each at a premium of Rs. 46 each on rights basis to the Holding Company, Aptus Value Housing Finance India Limited. The said allotment was approved by the Board of Directors at its meeting held on November 5, 2019 respectively and by the members in the Extraordinary General Meeting held on November 14, 2019.

(c) Terms/rights attached to Equity Shares:
The Company has only one class of equity shares having a par value of Rs.10 each. Each holder is entitled to one vote per equity share. Dividends are paid in India Rupees. Dividends proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting except in case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held. All these shares have same rights and preferences with respect to payment of dividend, repayment of capital and voting.

(d) Details of shares held by Holding Company:

Class of shares / Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares held by Holding Company				
Aptus Value Housing Finance India Limited and its nominees	10,08,00,000	100.00%	10,08,00,000	100.00%

(e) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares held by Holding Company				
Aptus Value Housing Finance India Limited and its nominees	10,08,00,000	100.00%	10,08,00,000	100.00%

(f) As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

APTUS FINANCE INDIA PRIVATE LIMITED CHENNAI

CHENNAI

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

17 Other Equity

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium account	4,968.00	4,968.00
Statutory Reserve under Section 45-IC of Reserve Bank of India Act, 1934	1,785.39	795.94
Impairment reserve	151.57	90.26
Retained earnings	6,963.72	3,067.22
	13,868.68	**8,921.42**

17.1 Movement in Other Equity

Rs. in lakhs

	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	**Securities premium account (Refer Note 17.2.1)**		
	Opening balance	4,968.00	-
	Add : Premium on shares issued during the year	-	4,968.00
	Closing Balance	**4,968.00**	**4,968.00**
(b)	**Statutory reserve (Refer Note 17.2.2)**		
	Opening balance	795.94	198.68
	Add: Amount transferred from surplus in the statement of Profit and Loss	989.45	597.26
	Closing Balance	**1,785.39**	**795.94**
(c)	**Impairment reserve (Refer Note 17.2.3 and Note 24.3)**		
	Opening balance	90.26	-
	Add: Amount transferred from surplus in the statement of Profit and Loss	61.31	90.26
	Closing Balance	**151.57**	**90.26**
(d)	**Retained earnings (Refer Note 17.2.4)**		
	Opening balance	3,067.22	768.43
	Add: Profit for the year	4,947.26	2,986.31
	Less: Transfer to Special reserve (Refer Note 17.2.2 below)	(989.45)	(597.26)
	Less: Transfer to Impairment reserve (Refer Note 17.2.3 below)	(61.31)	(90.26)
	Closing Balance	**6,963.72**	**3,067.22**
	Total	**13,868.68**	**8,921.42**

17.2 Nature and purpose of reserve:

17.2.1 Securities premium account

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

17.2.2 Statutory Reserve

Statutory reserve represents the reserve created as per Section 45-IC of the Reserve Bank of India Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss account, before any dividend is declared.

17.2.3 Impairment Reserve

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). Accordingly the Company has transferred the shortfall amount to Impairment Reserve. No withdrawal from the reserve is permitted without prior permission from the Department of Supervision, RBI.

17.2.4 Retained Earnings

The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported are not distributable in entirety and includes non-distributable items including unrealised gains, notional gains and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value, etc.

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

18 Revenue from operations

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest income		
On financials assets measured at amortised cost		
Interest on term loans	10,467.19	7,000.99
Interest on fixed deposits with banks	17.89	57.55
	10,485.08	**7,058.54**
(b) Net gain on fair value changes		
Investment in mutual funds measured at FVTPL		
Realised	0.86	23.23
	0.86	**23.23**
(c) Fees and commission income	213.93	145.00
	10,699.87	**7,226.77**

19 Other income

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Charges for marketing / display	220.50	361.80
Other non-operating income	0.05	5.04
	220.55	**366.84**

Revenue from contracts with customers

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Fees and commission income *	213.93	145.00
Charges for marketing / display	220.50	361.80
Total Revenue from contracts with customers	**434.43**	**506.80**

* Comprises charges collected from the customers in the nature of Preclosure charges, Cheque dishonour charges and other charges as applicable.

Timing of Revenue recognition		
Over a period of time	220.50	361.80
at a point in Time	213.93	145.00
Geographical markets		
In India	434.43	506.80
Outside India	-	-
Contract Balances		
Contract liabilities	-	-
Contract assets	6.50	2.12

20 Finance costs

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on financial liabilities measured at amortised cost		
- Debt securities	539.71	499.02
- Borrowings (other than debt securities)	2,417.71	1,771.34
	2,957.42	**2,270.36**

APTUS FINANCE INDIA PRIVATE LIMITED CHENNAI

MSKA & ASSOCIATES CHENNAI Chartered Accountants

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

21 Employee benefits expense

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, bonus and commission	39.35	38.52
Contributions to provident and other funds	2.26	3.73
	41.61	**42.25**

22 Impairment on Financial Instruments

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expected Credit Loss Expense		
- On terms loans measured at amortised cost	88.18	17.70
	88.18	**17.70**

23 Other expenses

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Support costs	728.23	1,008.00
Information technology expenses	0.25	-
Rates and taxes	113.57	148.82
Office expenses	244.66	57.97
Printing and stationery	2.50	4.63
Commission to directors	13.33	6.00
Sitting fees to non-whole time directors	2.85	2.35
Charges paid to rating agencies	5.21	5.84
Bank charges	1.25	0.86
Advertisement and publicity	0.27	-
Legal and professional charges	15.71	8.18
Auditor's fees and expenses (Refer Note (i) below)	4.00	3.86
Corporate Social Responsibility expenditure (Refer Note 33)	35.93	5.00
Miscellaneous expenses	1.16	0.53
	1,168.92	**1,252.04**
Notes:		
(i) Auditor's fees and expenses		
Statutory audit fee	3.00	3.00
Tax audit fee	0.75	0.75
Reimbursement of expenses	0.25	0.11
	4.00	**3.86**

Note	Particulars
24	**Additional information to the financial statements**
24.1	**Commitments**

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans sanctioned to Borrowers pending disbursement	1,732.37	1,960.34
Total	**1,732.37**	**1,960.34**

24.2 Micro, Small and Medium Enterprises

Based on the extent of information available with the Management, there are no transactions with Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) during the year ended March 31, 2021 and March 31, 2020. This has been relied upon by the Auditors.

24.3 Disclosure pursuant to RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

As required by the RBI Notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the Company has complied with the requirements of Ind AS and the Guidelines and Policies approved by the Board in recognition of impairment of financial instruments. The overall impairment loss allowance as at March 31, 2021 made under Ind AS is lower than the prudential floor prescribed by RBI, and accordingly the Company has created an Impairment reserve of Rs. 151.57 lakhs as at March 31, 2021 (Rs. 90.26 lakhs as at March 31, 2020) (refer Note 17.1 and 17.2.3).

As at March 31, 2021

Rs. in lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	51,548.09	38.10	51,509.99	209.18	(171.08)
	Stage 2	5,926.30	19.31	5,906.99	23.16	(3.85)
	Stage 3	-	-	-	-	-
Subtotal		**57,474.39**	**57.41**	**57,416.98**	**232.34**	**(174.93)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	251.14	25.17	225.97	34.17	(9.00)
Doubtful - up to 1 year	Stage 3	42.76	40.74	2.02	8.38	32.36
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**293.90**	**65.91**	**227.99**	**42.55**	**23.36**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**293.90**	**65.91**	**227.99**	**42.55**	**23.36**
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	51,548.09	38.10	51,509.99	209.18	(171.08)
	Stage 2	5,926.30	19.31	5,906.99	23.16	(3.85)
	Stage 3	293.90	65.91	227.99	42.55	23.36
	Total	**57,768.29**	**123.32**	**57,644.97**	**274.89**	**(151.57)**

As at March 31, 2020

Rs. in lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	40,928.85	23.32	40,905.53	104.41	(81.09)
	Stage 2	1,641.03	1.73	1,639.30	4.18	(2.45)
	Stage 3	134.47	6.56	127.91	5.98	0.58
Subtotal		**42,704.35**	**31.61**	**42,672.74**	**114.57**	**(82.96)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	58.95	2.88	56.07	8.22	(5.34)
Doubtful - up to 1 year	Stage 3	13.33	0.65	12.68	2.61	(1.96)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**72.28**	**3.53**	**68.75**	**10.83**	**(7.30)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**72.28**	**3.53**	**68.75**	**10.83**	**(7.30)**
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	40,928.85	23.32	40,905.53	104.41	(81.09)
	Stage 2	1,641.03	1.73	1,639.30	4.18	(2.45)
	Stage 3	206.75	10.09	196.66	16.81	(6.72)
	Total	**42,776.63**	**35.14**	**42,741.49**	**125.40**	**(90.26)**

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars
	Disclosures under Accounting Standards
25.a	**Segment Reporting:**
	The Company is engaged primarily in the business of providing secured business loans which is also viewed and monitored by the Chief Operating Decision Maker as a single business segment for the purpose of making decisions about resource allocation and performance assessment and accordingly there are no separate reportable segments as per Ind AS 108 - Operating Segments.
25.b	Earnings and Expenditure in foreign currency - Nil (March 31, 2020: Nil)
26	**Related party transactions**
26.a	**Details of related parties:**

Description of relationship	Names of related parties
Holding Company	Aptus Value Housing Finance India Limited
Key Management Personnel (KMP)	P Balaji, Executive Director
	Mr. S Krishnamurthy, Independent Director
	Mr. K M Mohandass, Independent Director
	Mr. Suman Bollina, Non-executive Director
	Mr. R Umasuthan, Non-executive Director (from November 21, 2020)
	Mr. Vivek Mehta, Manager & Chief Financial Officer (from February 10, 2021)
	Ms. Jyoti Suresh Munot, Company Secretary (from August 12, 2020)
	Ms. Laxmi Sridhar, Manager & Chief Financial Officer (from May 10, 2018 up to November 30, 2020)

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

26.b **Details of related party transactions for the year**

Rs. in lakhs

Transactions	Names of related parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Support costs paid	Aptus Value Housing Finance India Limited	1,025.00	1,008.00
Loans received	Aptus Value Housing Finance India Limited	9,000.00	5,950.00
Loans repaid	Aptus Value Housing Finance India Limited	12,300.00	7,400.00
Interest on Loan From Holding Company	Aptus Value Housing Finance India Limited	504.62	752.47
Director commission and sitting fee	Mr. K M Mohandass		
	- Commission	4.00	2.00
	- Sitting fee	1.10	0.90
Director commission and sitting fee	Mr. S Krishnamurthy		
	- Commission	4.00	2.00
	- Sitting fee	1.10	1.05
Director commission and sitting fee	Mr. Suman Bollina		
	- Commission	4.00	2.00
	- Sitting fee	0.45	0.40
Director commission and sitting fee	Mr. R Umasuthan		
	- Commission	1.33	-
	- Sitting fee	0.20	-
Remuneration	Mr. Vivek Mehta		
	- Salary	1.78	-
Remuneration	Ms. Laxmi Sridhar		
	- Salary	15.48	22.21
Remuneration	Ms. Jyoti Suresh Munot		
	- Salary	1.04	-

Balances as at year end	Names of related parties	As at March 31, 2021	As at March 31, 2020
Term Loans outstanding	Aptus Value Housing Finance India Limited	1,800.00	5,100.00

27 **Earnings per share**

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit After Tax (A)	4,947.26	2,986.31
Weighted Average Number of Equity Shares (Face Value Rs. 10 Each) - Basic (B)	**10,08,00,000**	**9,35,70,492**
Add: Effect of dilutive potential equity shares		-
Weighted Average Number of Equity Shares (Face Value Rs. 10 Each) - Diluted (C)	**10,08,00,000**	**9,35,70,492**
Earnings Per Share - Basic (Rs.) (A/B)	**4.91**	**3.19**
Earnings Per Share - Diluted (Rs.) (A/C)	**4.91**	**3.19**

Note	Particulars

28 **Financial Instruments**

28.1 **Capital management**

The Company actively manages its capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework is administered by the risk committee of Company. There has been no change in objectives, policies or processes for managing capital.

The Company has complied with all regulatory requirements related to regulatory capital as prescribed by RBI.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

28.2 **Categories of Financial Instruments**

Rs. in lakhs

	As at March 31, 2021 Measured at			As at March 31, 2020 Measured at		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	1,516.49	-	-	225.51
Bank Balance other than cash and cash equivalents	-	-	536.62	-	-	203.80
Loans	-	-	57,644.97	-	-	42,741.49
Other financial assets	-	-	171.41	-	-	3.62
Total Financial Assets	-	-	**59,869.49**	-	-	**43,174.42**
Financial liabilities						
Debt securities	-	-	4,874.26	-	-	4,003.68
Borrowings (other than debt securities)	-	-	30,986.29	-	-	20,277.89
Other financial liabilities	-	-	161.02	-	-	25.49
Total Financial liabilities	-	-	**36,021.57**	-	-	**24,307.06**

Financial risk management objectives

The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks in the manner detailed below. The Company does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

28.3 **Market risk**

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market place, in particular, changes in interest rates, exchange rates and equity. The Company has a monitoring mechanism which provides the framework for assessing market risk, in particular, tracking of events happening in market place, changes in policies / guidelines of government and regulators, exchange rate movement, equity market movements, money market movements etc.

28.4 **Interest rate risk**

Interest rate risk is a risk which is associated with movement of interest rates in the market. The management of the Company closely monitors the interest rate movements on a monthly basis which covers the following

- Borrowing cost of the Company as on a particular date
- Interest rate scenario existing in the market
- Gap in cash flows at the prevalent interest rates
- Effect of Interest rate changes on the Gap in the cash flows
- Fixing appropriate interest rate to be charged to the customer based on the above factors

Interest rate sensitivity analysis

The sensitivity analysis has been determined for borrowings where interest rates are variable, assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Sensitivity analysis as at March 31, 2021	Carrying value	Fair value	Sensitivity to fair value	
			0.50% increase	0.50% decrease
Loans	57,644.97	58,508.27	57,782.94	59,247.79
Debt securities	4,874.26	4,923.90	4,894.32	4,953.74
Borrowings (other than debt securities)	30,986.29	36,395.69	36,043.55	36,749.75

Rs. in lakhs

Sensitivity analysis as at March 31, 2020	Carrying value	Fair value	Sensitivity to fair value	
			0.50% increase	0.50% decrease
Loans	42,741.49	43,813.36	43,239.63	44,399.10
Debt securities	4,003.68	4,078.12	4,048.05	4,108.51
Borrowings (other than debt securities)	20,277.89	22,384.43	22,141.90	22,141.90

Note	Particulars

28.5 Credit risk

Credit risk in the Company arises due to default by customers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Company and the Company's asset base comprises of loans against property. Credit Risk in the Company stems from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk assessment in the Company pivots around the early assessment of stress, either in a portfolio or an account, and taking appropriate measures.

28.6 Credit risk management

Credit risk in the Company is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Detailed credit policies have been drawn up to mitigate the the Company's prime risk which is the default risk. There is a robust Credit Risk Management set-up in the Company at various levels.

1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.

2. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for respective levels.

3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.

4. Credit risk monitoring for the Company is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.

28.7 Significant increase in credit risk

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company measures the loss allowance based on lifetime rather than Stage 1 (12-month) Expected Credit Loss (ECL). Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Company has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD). The following table lists the staging criteria used in the Company: Staging Criterion
Stage-1: 0 up to 30 days past due
Stage-2: 31 up to 90 days past due
Stage-3: 90 and above days past due
Stage 2 follows the rebuttable presumption stated in Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

The Company also considers other qualitative factors, repayment history and considers guidance issued by the Institute of Chartered accountants of India (ICAI) for staging of advances to which moratorium benefit has been extended under the COVID regulatory package issued by RBI and as approved by the Board.

28.8 Measurement of ECL

As mentioned in Note 2.11.3, Probability of Default and Loss Given Default computed for the Holding Company, Aptus Value Housing Finance India Limited, which is in the business of providing affordable housing loans and loan against properties, has been applied for computing the expected credit loss for the receivables of the Company.

The key inputs used for measuring ECL are:
Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Company uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL.

Loss given default (LGD): LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral.

Exposure at default (EAD): EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including expected drawdowns on committed facilities.

Probability of Default

To arrive at Probability of Default, 'Vintage Analysis' was done considering monthly defaults of borrower since origination.
The analysis considered Monthly Default Rates starting from inception until the end of observation period i.e. March 2021 to calculate default rates for each vintage month. Cumulative PD was calculated from the marginal PDs for each vintage month. Simple Average and Weighted Average PD was computed for each Month on Book (MOB) period starting from MOB 0 until MOB "n" (end of observation period). The Company has used Simple average to eliminate the bias that can be possible due to weighted average effect.

Loss Given Default

LGD was calculated using First time NPA (FTN) date and recovery data for each of these FTN dates. FTN date was taken from inception until March 2021. For each pool, recovery data was mapped to the subsequent months until March 2021 from the respective default month i.e. recovery data was retrieved and plotted against the flow of month i.e. Months on Book MOB 0, MOB 1, MOB 2, MOB 3 till MOB (n) against each default month. Considering time value of money, recoveries in each month was discounted to arrive at the value as of FTN date. Average Interest Rates charged for each disbursement year was used as the Effective Interest Rates (EIR) for the loans.
Marginal Recovery rates was computed for each month as Discounted Recovery amount for a given month divided by the total outstanding amount for the given FTN date. Cumulative recovery rates were computed for each FTN date and LGD for corresponding FTN date was computed by using the formula (1- Recovery Rate). Weighted average LGD was computed for the entire observation period, weights being the total outstanding amount for each FTN date.

Note	Particulars

Exposure at Default :

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. EAD calculation for all portfolios is as under:

Stage 1 Assets:
• [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].
Stage 2 Assets
• [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].
Stage 3 Assets:
• [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Credit Conversion Factor (CCF) for undrawn portion has been taken at 100% based on historical experience and other information available with the Company.

The Company measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial obligations.

Credit Risk Concentrations

An analysis of the Company's credit risk concentrations per class of financial asset is provided in the following tables which represent gross carrying amounts of each class.

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans (at amortised cost) - Gross amount		
Concentration by products		
Loans against property (including Loans subordinated as Credit Enhancements for assets de-recognised)	57,768.29	42,776.63
Total Advances	**57,768.29**	**42,776.63**

28.9 The tables below analyse the movement of the loss allowance during the year per class of assets.

Rs. in lakhs

Loss allowance on Loans at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at March 31, 2021	38.10	19.31	65.91	123.32
Loss allowance as at March 31, 2020	23.34	1.72	10.08	35.14
Movement for the year ended March 31, 2021	14.76	17.59	55.83	88.18

The table below provides an analysis of the gross carrying amount of Loans by past due status.

Rs. in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Loans				
0 up to 30 days	51,550.10	38.20	42,551.66	23.32
31 up to 90 days	5,930.86	19.54	152.69	1.73
90 days and above	287.33	65.58	72.28	10.09
Total	**57,768.29**	**123.32**	**42,776.63**	**35.14**

28.10 Collateral held as security and other credit enhancements

The Company holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
Loan Against Properties	Mortgage of the immovable property

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. The loans are secured by collateral at the time of origination.

Immovable Property is the collateral for loans given by the Company. Security Interest in favour of the Company is created by Mortgage through deposit of title deed which is registered wherever required by law.

The Company does not obtain any other form of credit enhancement other than the above. All the Company's term loan are secured by way of tangible collateral.

Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

28.11 Offsetting financial assets and financial liabilities

The Company has not recognised any financial asset or liability on a net basis.

APTUS FINANCE INDIA PRIVATE LIMITED CHENNAI

Note	Particulars

28.12 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

28.13 Exposure to liquidity risk

The management of the Company manages and measures liquidity risk on an ongoing basis which covers monitoring of the liquidity situation as on a particular date and also for the next 6 months considering the projected cash outflows. Detailed statements are drawn to identify mismatches in cash flows across buckets spanning all maturities. Mismatches, thus, identified are closely monitored and action plans are drawn to bridge the gap.

Following are the contractual maturities of financial liability/financial assets at the reporting date. Loans, debt securities and borrowings include estimated interest receipts / payments.

Rs. In lakhs

As at March 31, 2021	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	1,516.49	-	-	-	-	-	-	-	-	-	1,516.49
Bank Balance other than cash and cash equivalents	-	-	-	-	-	-	-	789.51	-	-	789.51
Loans	1,415.16	1,415.12	1,415.19	4,243.88	8,484.67	33,883.91	32,780.71	18,342.04	4,268.87	167.54	1,06,417.09
Other Financial assets	169.91	-	-	-	-	-	-	-	-	1.50	171.41
Total (A)	**3,101.56**	**1,415.12**	**1,415.19**	**4,243.88**	**8,484.67**	**33,883.91**	**32,780.71**	**19,131.55**	**4,268.87**	**169.04**	**1,08,894.50**
Financial liabilities											
Trade payables	47.45	-	-	-	-	-	-	-	-	-	47.45
Debt Securities	40.09	351.63	37.33	836.14	1,212.12	3,017.40	-	-	-	-	5,494.71
Borrowings (Other than Debt Securities)	854.02	804.85	1,262.37	2,793.35	5,587.47	21,952.59	10,192.89	798.49	-	-	44,246.03
Other financial liabilities	113.57	-	-	-	-	-	-	-	-	-	113.57
Total (B)	**1,055.13**	**1,156.48**	**1,299.70**	**3,629.49**	**6,799.59**	**24,969.99**	**10,192.89**	**798.49**	-	-	**49,901.76**
Net Financial Assets / Liabilities (A-B)	**2,046.43**	**258.64**	**115.49**	**614.39**	**1,685.08**	**8,913.92**	**22,587.82**	**18,333.06**	**4,268.87**	**169.04**	**58,992.74**

As on March 31, 2020	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	225.51	-	-	-	-	-	-	-	-	-	225.51
Bank Balance other than cash and cash equivalents	-	-	-	-	-	-	-	-	336.30	-	336.30
Loans	803.85	803.85	1,017.73	3,052.93	6,105.67	24,412.01	24,285.05	17,782.98	6,125.30	241.76	84,631.13
Other Financial assets	2.12	-	-	-	-	-	-	-	-	1.50	3.62
Total (A)	**1,031.48**	**803.85**	**1,017.73**	**3,052.93**	**6,105.67**	**24,412.01**	**24,285.05**	**17,782.98**	**6,461.60**	**243.26**	**85,196.56**
Financial liabilities											
Trade payables	15.80	-	-	-	-	-	-	-	-	-	15.80
Debt Securities	37.09	348.39	34.24	411.26	794.35	2,847.53	317.93	-	-	-	4,790.79
Borrowings (Other than Debt Securities)	379.62	331.30	555.04	1,282.71	2,775.79	16,079.66	6,651.51	-	-	-	28,055.63
Other financial liabilities	9.69	-	-	-	-	-	-	-	-	-	9.69
Total (B)	**442.20**	**679.69**	**589.28**	**1,693.97**	**3,570.14**	**18,927.19**	**6,969.44**	-	-	-	**32,871.91**
Net Financial Assets / Liabilities (A-B)	**589.28**	**124.16**	**428.45**	**1,358.96**	**2,535.53**	**5,484.82**	**17,315.61**	**17,782.98**	**6,461.60**	**243.26**	**52,324.65**

28.14 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Note	Particulars
28.15	**Fair Value Measurements**

Fair Value hierarchy

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 value disclosure are required 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.

(a) Fair Value of financial instruments recognised and measured at fair value

Rs. in lakhs

Particulars	As at March 31, 2021 Level 1	Level 2	Level 3	Total	As on March 31, 2020 Level 1	Level 2	Level 3	Total
Financial assets								
Investments	-	-	-	-	-	-	-	-

(b) Fair value of financial instruments not measured at fair value

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.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 3 except for cash and cash equivalents and bank balances other than cash and cash equivalents which have been classified as Level 1.

Loans

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Fair values of lending portfolios are calculated using a portfolio-based approach. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Debt securities & Borrowings other than debt securities

The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

Set out 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. This table does not include the fair values of non-financial assets and non-financial liabilities.

The management believes that the fair value of of cash and cash equivalents, Loans, other financial assets, trade payables, borrowings and other financial liabilities carried at amortised cost approximate their net carrying amount.

Rs. in lakhs

Particulars	As at March 31, 2021					As on March 31, 2020				
	Carrying Value	Fair Value hierarchy				Carrying Value	Fair Value hierarchy			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	1,516.49	1,516.49	-	-	1,516.49	225.51	225.51	-	-	225.51
Bank Balance other than cash and cash equival	536.62	536.62	-	-	536.62	203.80	203.80	-	-	203.80
Loans	57,644.97	-	-	58,508.27	58,508.27	42,741.49	-	-	43,813.36	43,813.36
Other financial assets	171.41	-	-	171.41	171.41	3.62	-	-	3.62	3.62
Total Financial Assets	**59,869.49**	**2,053.11**	-	**58,679.68**	**60,732.79**	**43,174.42**	**429.31**	-	**43,816.98**	**44,246.29**
Financial liabilities										
Trade payables	47.45	-	-	47.45	47.45	15.80	-	-	15.80	15.80
Debt securities	4,874.26	-	-	4,923.90	4,923.90	4,003.68	-	-	4,078.12	4,078.12
Borrowings (other than debt securities)	30,986.29	-	-	36,395.69	36,395.69	20,277.89	-	-	22,384.43	22,384.43
Other financial liabilities	113.57	-	-	113.57	113.57	9.69	-	-	9.69	9.69
Total Financial Liabilities	**36,021.57**	-	-	**41,480.61**	**41,480.61**	**24,307.06**	-	-	**26,488.04**	26,488.04

Note	Particulars

29 **Sharing of Costs**

The Company and its Holding Company share certain costs / service charges. These costs have been reimbursed by the Company to the Holding Company on a basis mutually agreed to between them, which has been relied upon by the Auditors.

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

Rs. in lakhs

	01-Apr-20	Cash flows	Other *	31-Mar-21
Debt securities	4,003.68	833.33	37.25	4,874.26
Borrowings other than debt securities	20,277.89	10,770.93	(62.53)	30,986.29
Total liabilities from financing activities	**24,281.57**	**11,604.26**	**(25.28)**	**35,860.55**

	01-Apr-19	Cash flows	Other *	31-Mar-20
Debt securities	-	4,062.50	(58.82)	4,003.68
Borrowings other than debt securities	11,464.35	8,988.83	(175.29)	20,277.89
Total liabilities from financing activities	**11,464.35**	**13,051.33**	**(234.11)**	**24,281.57**

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

31 **Transferred financial assets that are not derecognised in their entirety**

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

The Company has Securitised certain loans, however the Company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	14,915.99	5,443.42
Carrying amount of associated liabilities measured at amortised cost	12,489.80	4,496.73
Fair value of assets	14,915.99	5,443.42
Fair value of associated liabilities	12,489.80	4,496.73
Net position at Fair Value	2,426.19	946.69

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars
32	**Maturity analysis of assets and liabilities**

Rs. in lakhs

Assets	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	1,516.49	-	1,516.49	225.51	-	225.51
Bank Balance other than cash and cash equivalents	-	536.62	536.62	-	203.80	203.80
Loans	5,713.76	51,931.21	57,644.97	3,197.97	39,543.52	42,741.49
Other Financial assets	169.91	1.50	171.41	2.12	1.50	3.62
Non-financial Assets						
Deferred tax assets (Net)	-	209.31	209.31	-	182.71	182.71
Property, plant and equipment	-	-	-	-	0.09	0.09
Other Intangible assets		-	-	-	1.21	1.21
Other non-financial assets	4.09	-	4.09	16.30	-	16.30
TOTAL ASSETS	**7,404.25**	**52,678.64**	**60,082.89**	**3,441.90**	**39,932.83**	**43,374.73**
LIABILITIES						
Financial Liabilities						
Trade Payables	47.45	-	47.45	15.80	-	15.80
Debt Securities	2,114.67	2,759.59	4,874.26	1,250.00	2,753.68	4,003.68
Borrowings (Other than Debt Securities)	6,827.76	24,158.53	30,986.29	2,814.13	17,463.76	20,277.89
Other financial liabilities	113.57	-	113.57	9.69	-	9.69
Non-Financial Liabilities						
Current tax liabilities (Net)	101.59		101.59	56.78	-	56.78
Other non-financial liabilities	11.05	-	11.05	9.47	-	9.47
TOTAL LIABILITIES	**9,216.09**	**26,918.12**	**36,134.21**	**4,155.87**	**20,217.44**	**24,373.31**
NET ASSETS / (LIABILITIES)	**(1,811.84)**	**25,760.52**	**23,948.68**	**(713.97)**	**19,715.39**	**19,001.42**

33 Corporate Social Responsibility expenditure:

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Gross amount required to be spent during the year	35.93	9.43
(b) Amount spent during the year		
(i) Construction / acquisition of any asset		
(ii) On purposes other than (i) above	35.93	5.00

34 Employee benefit plans

34.1 Defined contribution plans

The Company makes Provident Fund contributions for qualifying employees to the Regional Provident Fund Commissioner. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs. 1.30 lakhs (March 31, 2020 - Rs. 1.24 lakhs) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to the scheme by the Company are at rates specified in the rules of the scheme.

34.2 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

35 Impact due to COVID-19 pandemic

The Covid-19 pandemic continues to affect several countries across the world, including India. Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates. has led to significant disruptions and dislocations for individuals and businesses, impacting the Company's business operations, including lending and collection activities during the year ended March 31, 2021. In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the company had offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. The impact of COVID-19 pandemic including the ongoing "second wave", on Company's operations and financial metrics, including the company's estimates of impairment of loans will depend on the future developments, which are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these financial statements, to determine the financial implications including in respect of Expected Credit Loss ("ECL") provisioning.

As at March 31, 2021, the Company carries ECL provision on loans of Rs. 123.32 lakhs (Rs. 35.14 lakhs as at March 31, 2020) including management overlay, in accordance with Ind AS 109 requirements. Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing Covid-19 pandemic and related events.

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars
36	**Disclosure pursuant to RBI Master Direction - NBFC – SI Non-Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time**
36.1	**Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:**

Rs. in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
1. Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:				
(a) Debentures				
- Secured	4,874.26	-	4,003.68	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				-
(b) Deferred credits	-	-	-	-
(c) Term loans	16,696.49	-	10,681.16	-
(d) Inter-corporate loans and borrowings	1,800.00	-	5,100.00	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans	-	-	-	-
- Securitisation loans	12,489.80	-	4,496.73	-
2. Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Assets side:		
3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured (refer Note 6)	57,768.29	42,776.63
(b) Unsecured	-	-
4. Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors:		
a) Financial lease	-	-
b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on Hire	-	-
b) Repossessed Assets	-	-
(iii) Other loans counting towards asset financing activities		
a) Loans where Assets have been repossessed	-	-
b) Loans other than (a) above	-	-
5. Break-up of Investments:		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-
Long Term Investments		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars

6. Borrower group-wise classification of assets financed as in (3) and (4) above:

Rs. in lakhs

Category	As at March 31, 2021 (Net of Provisions)			As at March 31, 2020 (Net of Provisions)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	57,644.97	-	-	42,741.49	-	-
	57,644.97	-	-	42,741.49	-	-

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

Rs. in lakhs

Category	Market Value / Break up or fair value or Net Asset Value as on March 31, 2021	Book Value as on March 31, 2021 (Net of provisions)	Market Value / Break up or fair value or Net Asset Value as on March 31, 2020	Book Value as on March 31, 2020 (Net of provisions)
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
	-	-	-	-

8. Other Information

Rs. in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
i. Gross Non-Performing Assets	-	293.90	-	206.73
ii. Net Non-Performing Assets	-	227.99	-	196.65
iii. Assets Acquired in Satisfaction of Debt	-	-	-	-

36.2 **Capital to Risk Assets Ratio (CRAR)**

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Tier I Capital	22,037.66	18,082.03
Tier II Capital	(1,507.95)	(620.57)
Total Capital	**20,529.72**	**17,461.46**
Total Risk Assets	**55,590.47**	**42,452.55**
Capital Ratios		
CRAR - Tier I Capital (%)	39.64%	42.59%
CRAR - Tier II Capital (%)	-2.71%	-1.46%
CRAR (%)	**36.93%**	**41.13%**
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

36.3 **Investments**

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Value of Investments		
i) Gross Value of Investments		
(a) In India	-	-
(b) Outside India	-	-
ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
iii) Net Value of Investments		
(a) In India	-	-
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
i) Opening Balance	-	-
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off / Written-back of excess provisions during the year	-	-
iv) Closing balance	-	-

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars
36.4	**Derivatives**
	The Company has not entered into any Derivative transactions.
	Forward Rate Agreement (FRA) / Interest Rate Swap (IRS): Nil Exchange Traded Interest Rate (IR) Derivative: Nil Disclosures on Risk Exposure in Derivatives: Not applicable
36.5	**i) Securitised Assets**

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions*	2	1
Total amount of securitised assets as per books of the SPVs sponsored	12,489.80	4,496.73
Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures towards Credit Enhancements		
First Loss	-	-
Others	-	-
b) On-balance sheet exposures towards Credit Enhancements		
First Loss - Cash collateral	511.57	193.17
Others – Overcollateral	2,580.52	1,094.65
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures towards Credit Enhancements		
First Loss	-	-
Others	-	-
b) On-balance sheet exposures towards Credit Enhancements		
First Loss	-	-
Others	-	-

* Represents the SPVs relating to outstanding securitisation transactions

ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction: Nil
iii) Details of Assignment transactions undertaken by NBFCs: Nil
iv) Details of non-performing financial assets purchased / sold: Nil

Note	Particulars
36.6	Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2021:

Rs. in lakhs

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from Bank	169.22	-	563.04	407.79	830.26	1,615.02	3,399.83	15,652.48	7,684.65	664.00	**30,986.29**
Market Borrowings	27.60	-	-	308.92	-	716.07	1,026.28	2,795.39	-	-	**4,874.26**
Assets											
Advances	459.84	-	423.45	384.21	391.56	1,217.92	2,646.63	13,992.30	20,387.58	17,741.48	**57,644.97**

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2020:

Rs. in lakhs

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from Bank	-	-	239.21	118.65	374.00	621.00	1,550.00	12,091.00	5,284.03	-	**20,277.89**
Market Borrowings	-	-	-	339.35	-	313.00	625.00	2,500.00	226.33	-	**4,003.68**
Assets											
Advances	-	-	204.00	207.00	258.00	800.00	1,730.00	9,019.00	13,524.00	17,034.63	**42,776.63**

In case of loans, where the loan is not completely disbursed and it is in Pre-EMI stage, the Company has estimated the EMI commencement date based on the technical evaluation and other information available as on date. Accordingly, the maturity pattern for such loans has been considered based on the estimated EMI commencement date.

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars
36.7	**A. Exposure to Real Estate Sector**

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
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	57,768.29	42,776.63
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure 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. Exposure to Capital Market: Nil

C. Details of financing of Parent Company products: Nil

D. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded by the applicable NBFC:
The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the financial year.

E. Unsecured Advances: Nil

36.8 **Other Regulator Registrations**

Regulator	Registration No.
1. Ministry of Company Affairs	CIN. U74900TN2015PTC102252
2. Reserve Bank of India	Certificate Registration No. N-07.00824 dated December 16, 2016

36.9 **Disclosure of Penalties imposed by RBI and other regulators**
During the year ended March 31, 2021 and March 31, 2020,
(i) there are no penalties imposed on the Company by RBI or other Regulators.
(ii) the Company has not received any adverse comments in writing by RBI or other Regulators on regulatory compliances, with a specific communication to disclose the same to the public.

36.10 **Related party Transactions**
Details of the related parties, nature of the relationship with whom Company has entered transactions, remuneration of directors and balances in related party account at the year end, are given in Note no. 26. There were no material transaction with related parties and all these transactions with related parties were carried out in ordinary course of business at arm's length price.

36.11 **Ratings assigned by Credit Rating Agencies and migration of ratings during the year**

Deposits Instruments	Ratings assigned	
	As at March 31, 2021	As at March 31, 2020
Non-Convertible Debentures	CARE A+ [Single A plus]	CARE A+ [Single A plus]
Bank Term Loans	CARE A+ [Single A plus]	CARE A+ [Single A plus]

There has been no migration of ratings during the financial year ended March 31, 2021.

36.12 **Net Profit or Loss for the period, prior period items and changes in accounting policies**
During the year,
(a) no prior period items occurred which has impact on Statement of Profit and loss,
(b) no change in Accounting policy,
(c) there is no withdrawal from reserve fund

36.13 **Revenue Recognition**
There are no circumstances in which revenue recognition has been postponed by the Company pending the resolution of significant uncertainties.

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Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars

36.14 Provisions and Contingencies (Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss Account)

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1. Provisions for depreciation on Investment	-	-
2. Provision towards NPA	55.83	8.50
3. Provision made towards current income taxes	1,742.34	1,091.15
4. Provision for standard assets	32.35	9.20

36.15 Draw Down from Reserves

During the financial year ended March 31, 2021, there were no draw down from Reserves.

36.16 Concentration of Loans & Advances

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans & Advances to twenty largest borrowers	333.44	329.35
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the NBFC	0.58%	0.77%

36.17 Concentration of Exposures (including off-balance sheet exposure)

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers/customers	333.44	329.35
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.58%	0.77%

36.18 Concentration of NPAs

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top four NPA accounts	49.56	45.61

36.19 Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that Sector	
	As at March 31, 2021	As at March 31, 2020
1. Agriculture & allied activities	0.00%	0.00%
2. MSME	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%
4. Services	0.00%	0.00%
5. Unsecured personal loans	0.00%	0.00%
6. Auto loans	0.00%	0.00%
7. Other personal loans	0.51%	0.48%

36.20 Movement of NPAs (Stage 3 assets) (Credit impaired assets)

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Net NPAs to Net Advances(%)	0.40%	0.46%
(II) Movement of NPAs (Gross)		
a) Opening balance	206.73	11.62
b) Additions during the year	206.27	195.11
c) Reductions during the year	(119.10)	-
d) Closing balance	293.90	206.73
(III) Movement of Net NPAs		
a) Opening balance	196.65	10.04
b) Additions during the year	144.62	186.61
c) Reductions during the year	(113.28)	-
d) Closing balance	227.99	196.65
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	10.08	1.58
b) Provisions made during the year	61.65	8.50
c) Write-off / write-back of excess provisions	(5.82)	-
d) Closing balance	65.91	10.08

Note	Particulars

36.21 **Overseas Assets - Not applicable**

36.22 **Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) - Nil**

36.23 **Customer Complaints**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	78	15
c) No. of complaints redressed during the year	78	15
d) No. of complaints pending at the end of the year	-	-

Note: The above details are based on the information available with the Company regarding the complaints received from the customers which has been relied upon by the auditors.

36.24 **Disclosure on Liquidity Risk Management**

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

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Number of Significant Counterparties*	11	8
Balance as at year end	35,860.56	24,281.55
% of Total deposits	0.00%	0.00%
% of Total liabilities	99.24%	99.62%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(b) Top 20 large 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) Total of top 10 borrowings

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Total of top 10 borrowings	34,491.13	24,281.55
% of Total Borrowings	96.18%	100.00%

(d) Funding concentration based on significant instrument/product#:

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans	18,496.49	15,781.16
Securitisation loans	12,489.80	4,496.73
Non-Convertible Debentures	4,874.26	4,003.68
% of Total Liabilities	99.24%	99.62%

Significant instrument/products as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(e) Stock Ratios

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Commercial papers as a % of total public funds, total liabilities and total assets	-	-
(ii) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	-	-
(iii) Other short-term liabilities, if any as a % of total liabilities	25.51%	17.05%
(iv) Other short-term liabilities, if any as a % of total assets	15.34%	9.58%

(f) Institutional set-up for liquidity risk management

The Board of Directors of Aptus Finance India Private Ltd ("the Company") have adopted a Risk Management Policy. The Board adopted policy contains the framework and guidelines for Risk management. The changes brought in in the Liquidity Risk Management Framework vide its Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 November 04, 2019 are also being covered as part of the Risk Management Policy which will be reviewed by the Board periodically for compliance and implementation.

The Board shall have the overall responsibility for management of liquidity risk by reviewing the implementation of the Risk Management Policy.
The Company has also constituted Risk Management Committee and Asset-Liability Management Committee (ALCO) to carry out the functions as listed out in the said circular.

36.25 The Company has not accepted deposits within the meaning of 'Public Deposits' as defined in the prudential norms issued by the RBI. The board of directors of the Company have passed a board resolution vide board meeting dated May 29, 2020.

36.26 **Disclosure on frauds pursuant to Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016**
There were no instances of fraud reported during the year ended March 31, 2021 and March 31, 2020.

36.27 **Percentage of outstanding loans granted against the collateral of gold jewellery to their outstanding total assets - Nil (March 31, 2020: Nil)**

36.28 **Moratorium**
Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy. The disclosures in relation to asset classification and its related provisioning as required by RBI Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, is as below.

Rs. in lakhs

Particulars	Amount
Amounts in SMA/overdue categories where the moratorium/deferment was extended	3,498.71
Asset classification benefits vide above mentioned RBI circular	100.60
Provisions made during the Q4 FY 2020 and Q1 & Q2 FY 2021	10.61
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	(10.61)
Residual provisions	

Aptus Finance India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2021

Note	Particulars
37	**Previous Year's Figures** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
38	**Events after Reporting Date** There have been no events after the reporting date that require disclosure in the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration. No.: 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date : June 23, 2021

For and on behalf of the Board of Directors
Aptus Finance India Private Limited
CIN : U74900TN2015PTC102252

K M Mohandass
Director
DIN: 00707839

P Balaji
Director
DIN: 07904681

Vivek Mehta
Manager & CFO

Jyoti Munot
Company Secretary

Place : Chennai
Date : June 23, 2021