ANNUAL REPORT

AVANTI MICROFINANCE PRIVATE LIMITED

2023-2024

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting (the 'Meeting' or 'AGM') of the shareholders of Avanti Microfinance Private Limited will be held at a short notice via video conference on **Friday, September 27, 2024 at 10:30 AM** IST to transact the following business.

<u>ORDINARY BUSINESS</u>

1. **<u>To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Reports of the Board of Directors of the Company and the Statutory Auditors thereon, including Annexures thereto</u>**

   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, 2024 and the Reports of the Board of Directors of the Company and the Statutory Auditors thereon, including Annexures thereto be and hereby considered and adopted."

2. **<u>To appoint M/s. P V Menon & Associates, Chartered Accountants (Firm Registration No. 002066S) as the statutory auditors of the Company</u>**

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 section 139 and 142 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on the recommendation of the Board of Directors, M/s. P V Menon & Associates, Chartered Accountants (Firm registration number 002066S), be and are hereby appointed as the statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting held for the financial year ended March 31, 2024 till the conclusion of the 3rd consecutive Annual General Meeting for the financial year ending March 31, 2027 on such remuneration and out of pocket expenses as may be fixed by the Board of Directors in consultation with the Auditors;

RESOLVED FURTHER THAT each of the Directors of the Company and/or the Company Secretary be and is hereby authorized for and on behalf of the Company, to do all such acts, deeds and things as may be required to give effect to the foregoing resolution, including filing of requisite e-forms with the Registrar of Companies and to sign, issue and deliver a certified true copy of the foregoing resolution to any concerned authority or person, as may be required."

SPECIAL BUSINESS

3. **To consider and regularize the appointment of Mr. Rahul Gupta (DIN: 09247626) as a director of the Company**

To consider and if thought fit, to pass the following resolution, with or without modification, as an **Ordinary Resolution**:

"**RESOLVED THAT** Mr. Rahul Gupta (DIN: 09247626), who was appointed as an Additional Director by the Board of the Company with effect from March 29, 2024, in terms of Section 161 of the Companies Act, 2013 and other applicable provisions, and whose term expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT any member of the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to issue certified true copies of the resolution wherever required, from time to time and to do all such acts, deeds and things, including signing and filing of e-Form with the Registrar of Companies, as may be necessary to give effect to the above resolution."

4. **To consider and regularize the appointment of Mr. Manish Purshottam Thakkar (DIN: 03233206) as a director of the Company**

To consider and if thought fit, to pass the following resolution, with or without modification, as an **Ordinary Resolution**:

"**RESOLVED THAT** Mr. Manish Purshottam Thakkar (DIN: 03233206), who was appointed as an Additional Director by the Board of the Company with effect from March 29, 2024, in terms of Section 161 of the Companies Act, 2013 and other applicable provisions, and whose term expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT any member of the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to issue certified true copies of the resolution wherever required, from time to time and to do all such acts, deeds and things, including signing and filing of e-Form with the Registrar of Companies, as may be necessary to give effect to the above resolution."

5. **To consider and regularize the appointment of Mr. Nagaraj Subrahmanya (DIN: 06906928) as a director of the Company**

To consider and if thought fit, to pass the following resolution, with or without modification, as an **Ordinary Resolution**:

"**RESOLVED THAT** Mr. Nagaraj Subrahmanya (DIN: 06906928), who was appointed as an Additional Director by the Board of the Company with effect from March 29, 2024, in terms of Section 161 of the Companies Act, 2013 and other applicable provisions, and whose term expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT any member of the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to issue certified true copies of the resolution wherever required, from time to time and to do all such acts, deeds and things, including signing and filing of e-Form with the Registrar of Companies, as may be necessary to give effect to the above resolution."

For Avanti Microfinance Private Limited

Sd/-
Name: Mr. Darshil Mehta
Designation: Company Secretary
Membership No.: ACS 61030
Address:
2727, 2nd floor, 1st Main Road, HAL 3rd Stage,
Ward no 58 (Old No. 83), New Thippasandra,
Bangalore, Karnataka, India, 560075

Registered Office:
2727, 2nd floor, 1st Main Road, HAL 3rd Stage,
Ward no 58 (Old No. 83), New Thippasandra,
Bangalore, Karnataka, India, 560075

Date: September 27, 2024

Notes:

1. THE ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY SHALL BE CONVENED THROUGH VIDEO CONFERENCING UNDER THE GUIDELINES ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS PURSUANT TO THE GENERAL CIRCULAR NO. 20/2020 DATED 05.05.2020, GENERAL CIRCULAR NO. 02/2021 DATED 13.01.2021, GENERAL CIRCULAR NO. 19/2021 DATED 08.12.2021, 21/2021 DATED 14.12.2021, GENERAL CIRCULAR NO.10/2022 DATED 28.12.2022 AND 09/2023 DATED 25.09.2023 AND 09/2024 DATED 19.09.2024.

2. The Members are requested to follow the below instructions: -

a) Participation:

i. Pursuant to the general circular issued by Ministry of Corporate Affairs, the physical presence of the Members has been dispensed with and therefore the appointment of Proxy(ies) is not permitted. However, in pursuance of section 112 and 113 of the Companies Act, 2013, representatives of the members may be appointed for the purpose voting through remote e-voting or for participation and voting in the meeting. The Corporate Shareholders proposing to participate at the meeting through their representative, may forward the necessary authorization under Section 113 of the Act for such representation to the Company through e-mail to darshil.mehta@avantifinance.in before the commencement of the meeting.

ii. The Members are requested to use the following link details to join the meeting via video conference: <Link to be inserted>

iii. For ease of participation of the Members, during the meeting, members may post questions during and also, before the meeting, by writing to darshil.mehta@avantifinance.in.

iv. On the date of the meeting, the Members, Directors, Key Managerial Personnel and all other persons authorized to attend the meeting, may join, using the above link 15 minutes before the time scheduled to start the meeting until 15 minutes after such scheduled time. After the scheduled time no person shall be able to join the meeting.

v. In case any member requires assistance for using the aforementioned link before or during the meeting, you may reach out to Company Secretary at 9029158885.

vi. In order to ensure the smooth participation, the Members, Directors, Key Managerial Personnel and all other persons authorized to attend the meeting are requested to ensure that the device used for attending the meeting through video conferencing has strong internet signal/ network.

b) Voting:

i. In case a poll is demanded, Chairman shall follow the procedure provided in Section 109 of the Companies Act, 2013 and rules made thereunder unless specific provisions are mentioned in the Articles of Association.

ii. On demand of the poll, the Members may vote by sending an e-mail to the designated e-mail id: darshil.mehta@avantifinance.in stating their assent/ dissent. For convenience during voting, the Members are requested to use the following box and state the symbol or mention the no. of shares held by them in assent/ dissent box.

Example 1: Using symbol ('√')

Item no. of agenda	Assent	Dissent
1. To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Reports of the Board of Directors of the Company and the Statutory Auditors thereon, including Annexures thereto	√	
2. To appoint M/s. P V Menon & Associates, Chartered Accountants (Firm Registration No. 002066S) as the statutory auditors of the Company	√	
3. To consider and regularize the appointment of Mr. Rahul Gupta (DIN: 09247626) as a director of the Company	√	
4. To consider and regularize the appointment of Mr. Manish Purshottam Thakkar (DIN: 03233206) as a director of the Company	√	
5. To consider and regularize the appointment of Mr. Nagaraj Subrahmanya (DIN: 06906928) as a director of the Company	√	

Example 2: Using number of shares held.

Item no. of agenda	Assent	Dissent
1. To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Reports of the Board of Directors of the Company and the Statutory Auditors thereon, including Annexures thereto	100	

2. To appoint M/s. P V Menon & Associates, Chartered Accountants (Firm Registration No. 002066S) as the statutory auditors of the Company	100	
3. To consider and regularize the appointment of Mr. Rahul Gupta (DIN: 09247626) as a director of the Company	100	
4. To consider and regularize the appointment of Mr. Manish Purshottam Thakkar (DIN: 03233206) as a director of the Company	100	
5. To consider and regularize the appointment of Mr. Nagaraj Subrahmanya (DIN: 06906928) as a director of the Company.	100	

c) Other instructions/ information:

i. Members are requested to address all communications through their registered e-mail id only.

ii. Pursuant to General Circular 20/2020 dated 5th May, 2020, the Annual Report of the Company i.e. Financial statements (including Board's report, Auditor's report and other documents required to be attached therewith) are being sent through e-mail only and no separate physical copy of the same shall be dispatched to any member.

iii. This notice will also be made available on the website of the Company/ the holding Company.

iv. Incase of any doubts or clarification, the members are requested to contact Mr. Darshil Mehta through e-mail: darshil.mehta@avantifinance.in.

v. The documents related to matters set out in the notice can be requested via email by writing to the Company Secretary at darshil.mehta@avantifinance.in on all working days up to and including the date of this Annual General meeting of the Company.

Explanatory Statement as required under section 102 of the Companies Act, 2013 in respect of is annexed hereto.

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

Item No. 3, 4 & 5

Pursuant to the provisions of Section 161 of the Companies Act, 2013 ('Act'), Mr. Rahul Gupta (DIN: 09247626), Mr. Manish Purshottam Thakkar (DIN: 03233206) and Mr. Nagaraj Subrahmanya (DIN: 06906928) were appointed as Additional Directors of the Company with effect from March 29, 2024, till the date of this AGM.

Mr. Rahul Gupta (DIN: 09247626), Mr. Manish Purshottam Thakkar (DIN: 03233206) and Mr. Nagaraj Subrahmanya (DIN: 06906928) brings rich and varied experience to the Board and also fulfils the conditions specified in the Act. Therefore, in terms of applicable provisions of the Act and the Rules made thereunder, it is proposed to regularize the appointment of above mentioned as Directors of the Company.

In this regard, the Company had earlier received the following documents from above mentioned directors:

a. Consent in writing to act as a Director in Form DIR-2 pursuant to Rule-8 of Companies (Appointment & Qualification of Director) Rules, 2014,
b. Intimation to the effect that they were not disqualified to be appointed as a Director in Form DIR8, in terms of 164(2) of the Act; and
c. Disclosure of interest in Form MBP-1, pursuant to Section 184(1) of the Act read with Rule 9(1) of Companies (Meetings of Board and its Powers) Rules, 2014.

All the documents are available for inspection during business hours on any working day at the registered office of the Company, and copies thereof shall also be made available for inspection at the corporate office and also at the meeting.

a. The nature of concern or interest, financial or otherwise, if any:

I. Every director and the manager, if any – None of the Directors of the Company are in any way, concerned or interested in the resolution

II. Every other key managerial personnel - None of the key managerial personnel have any concern or interest, financial or otherwise

III. Relatives of the persons mentioned in sub-clauses (i) and (ii) above - None of the relatives of the persons mentioned in sub-clauses (i) and (ii) above has any concern or interest, financial or otherwise.

b. Any other information and facts that may enable members to understand the meaning, scope and implication of the items of business to take decision thereon – None

The Board recommends the resolutions at Item No.3, 4 & 5 of the Notice for your approval by way of Ordinary resolution.

For Avanti Microfinance Private Limited

Sd/-
Name: Mr. Darshil Mehta
Designation: Company Secretary
Membership No.: ACS 61030
Address:
2727, 2nd floor, 1st Main Road, HAL 3rd Stage,
Ward no 58 (Old No. 83), New Thippasandra,
Bangalore, Karnataka, India, 560075

Registered Office:
2727, 2nd floor, 1st Main Road, HAL 3rd Stage,
Ward no 58 (Old No. 83), New Thippasandra,
Bangalore, Karnataka, India, 560075

Date: September 27, 2024

AVANTI MICROFINANCE

DIRECTORS' REPORT

To
The Members of **AVANTI MICROFINANCE PRIVATE LIMITED**

The Directors are pleased to present the Eighth Annual Report with the Audited Financial Statements of the Company for the year ended on March 31, 2024.

1. FINANCIAL RESULTS:

Particulars	(Rupees in INR) For the year ended March 31, 2024	(Rupees in INR) For the year ended March 31, 2023
Revenue from Operations	**1,22,49,217**	**71,00,548**
Other Income	-	4,00,253
Total Income	**1,22,49,217**	**75,00,801**
Total Expenses	**51,15,035**	**21,04,44,442**
Profit/(Loss) before Tax	**71,34,182**	**(20,29,43,642)**
Provision for Taxation (net)	-	-
Profit/(Loss) after Tax	**71,34,182**	**(20,29,43,642)**

2. STATE OF THE COMPANY'S AFFAIRS / OPERATION REVIEW:

During the year under review, the Company had received assigned assets worth INR 1,65,46,701/- on March 30, 2024 from Avanti Finance Private Limited.

Your Company earned a total revenue of INR 1,22,49,217/- from its operations and net profit after tax amounting to INR 71,34,182/-

3. DIVIDEND:

The Board of Directors does not recommend any dividend for the year ended on March 31, 2024.

4. AMOUNT TRANSFERRED TO RESERVES:

The Company has not transferred any amount to the reserves during the year under review.

5. DETAILS RELATING TO DEPOSITS AND UNSECURED LOANS:

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

6. CHANGES IN SHARE CAPITAL:

Authorised share capital:

During the year under review, the authorised share capital of the Company was INR 40,00,00,000/- divided into 4,00,00,000 equity shares of INR 10/- each.

Paid-up share capital:

The paid-up share capital of the Company as on March 31, 2024 was INR 39,51,61,070/- divided into 3,95,16,107 equity shares of face value of INR 10/- each.

7. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have or had any subsidiary, joint venture and associate company for the year under review.

8. PARTICULARS OF THE LOANS, GUARANTEES GIVEN OR INVESTMENT MADE DURING THE YEAR:

During the year under review, your Company has not provided any loans, guarantees or made any investment.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions entered during the year were in ordinary course of business and at arm's length price. Hence, disclosure in Form AOC-2 is not applicable to the Company.

10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

11. DIRECTORS, KEY MANAGERIAL PERSONNEL:

During the year under review, there were changes in the Board composition and Key Managerial Personnel as follows:

Sr No.	Name of the Director/KMP	Designation	Nature of Change	Effective date
1	Mr. Ratan Tata	Director	Cessation	March 26, 2024

2	Dr. Vijay Kelkar	Director	Cessation	March 29, 2024
3	Mr. Nandan Nilekani	Director	Cessation	March 29, 2024
4	Mr. Rahul Gupta	Additional Director	Appointment	March 29, 2024
5	Mr. Manish Thakkar	Additional Director	Appointment	March 29, 2024
6	Mr. Nagaraj Subrahmanya	Additional Director	Appointment	March 29, 2024
7	Mr. Vikalp Chugh	Company Secretary	Cessation	January 03, 2024
8	Mr. Darshil Mehta	Company Secretary	Appointment	February 07, 2024

12. MEETING OF BOARD OF DIRECTORS:

During the Financial year 2023-24, 5 Board meetings were convened and held details of which are mentioned below.

Sr. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1.	July 29, 2023	3	2	66.67
2.	August 14, 2023	3	2	66.67
3.	October 31, 2023	3	2	66.67
4.	February 07, 2024	3	2	66.67
5.	March 29, 2024	3	2	66.67

Sr. No.	Name of the Director	Board Meetings			Committee Meetings (Taking all the Committee Meetings together of which a Director is a member)			Whether attended last AGM held on August 23, 2023 (Y/N)
		No. of Meeting Held	No. of Meeting attended	% of attendance	No. of Meeting Held	No. of Meeting attended	% of attendance	
1.	Mr. Ratan Naval Tata*	5	1	20.00%	N.A.	N.A.	N.A.	N
2.	Dr. Vijay Laxman Kelkar*	5	4	80.00%	N.A.	N.A.	N.A.	Y
3.	Mr. Nandan Mohan Nilekani*	5	5	100%	N.A.	N.A.	N.A.	N

** Mr. Ratan Tata resigned from the Board w.e.f March 26, 2024 and Dr. Vijay Kelkar and Mr. Nandan Mohan Nilekani resigned from the Board w.e.f. March 29, 2024.*

The 7th Annual General Meeting of the Company was held on August 23, 2023.

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13. PARTICULARS OF EMPLOYEES:

During the year under review, your Company had no employees on its payroll. The role of Company Secretary is filled by an individual who is an employee of the holding company, Avanti Finance Private Limited. Your Company being a private limited company, the provisions contained in section 196(4) and (5), section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

14. PREVENTION OF SEXUAL HARASSMENT:

The Company has approved and adopted a robust Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Further, since your Company has only 1 employee, no Internal Complaints Committee has been constituted. Further, there was no case filed pursuant to the said Act.

15. RISK MANAGEMENT POLICY:

Your Company during the year under review had implemented robust checks and balances that align with industry best practices, ensuring effective governance and risk management. These protocols are designed to safeguard operational integrity and promote compliance with regulatory standards. Furthermore, the Company's policies are seamlessly integrated with those of its holding company, Avanti Finance Private Limited, fostering a cohesive framework that supports consistency in decision-making and strategic alignment.

16. COMPLIANCE OF SECRETARIAL STANDARDS:

Your Company has proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

17. MAINTENANCE OF COST RECORDS:

The maintenance of cost records as specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013, is not applicable to your Company.

18. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The provisions related to Corporate Social Responsibility are not applicable to your Company as the Company does not fall under any of the criteria required for applicability of the provisions of CSR as stated in the Companies Act, 2013.

19. DETAILS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has in place adequate internal financial controls with reference to financial statements for the year ended March 31, 2024, which is commensurate with the size, scale and complexity of its operation.

20. EXPLANATION OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

There is no qualification or adverse remarks in the Auditor's report for the year under review. Therefore, there is no requirement of any explanation/comments to be provided in the Director's report.

21. RECOMMENDATION FOR APPOINTMENT OF STATUTORY AUDITOR(S) OF THE COMPANY:

M/s Puranik Kane & Co. were appointed as the statutory auditors of the Company for a period of 3 years from FY 2021-22 to 2023-24. However, as per the RBI guidelines, their tenure will cease at the upcoming Annual General Meeting (AGM) of the Company.

Accordingly, it is recommended to the shareholders that M/s P V Menon & Associates, Chartered Accountants (Firm registration number 002066S) be appointed as Statutory Auditors for next 3 financial years i.e. from FY 2024-25 to FY 2026-27.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT-GOINGS:

The particulars of Conservation of Energy, Technology absorption and Foreign Exchange earnings and out-goings are enclosed as **Annexure I**.

23. EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2024, which will be filed with Registrar of Companies/MCA, is uploaded on the Company's website and can be accessed at https://www.avantimfin.in.

24. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm and state that:

a) In the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards, have been followed along with proper explanation relating to material departures;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the loss of the Company for year ended on that date;

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

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

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

25. <u>YOUR DIRECTORS STATE THAT NO DISCLOSURE OR REPORTING IS REQUIRED IN RESPECT OF THE FOLLOWING ITEMS AS SOME OF THEM ARE NOT APPLICABLE TO THE COMPANY AS PER THE ACT OR THERE WERE NO TRANSACTIONS ON THESE ITEMS DURING THE YEAR UNDER REVIEW.</u>

1. The provisions related to Key Managerial Personnel do not apply to the Company except for the appointment of Company Secretary of the Company.

2. Annual evaluation of the Board and its committees and policies for remunerating key managerial personnel and other employees.

3. Composition of Audit Committee, Nomination and Remuneration Committee and their policies.

4. Statement on declaration by an Independent Director(s).

5. Establishment of vigil mechanism.

6. Issue of equity shares under employee stock options scheme.

7. Issue of equity shares with differential rights as to dividend, voting or otherwise.

8. Issue of shares (Including sweat equity shares) to employees of the Company under any scheme.

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

10. The Company has not provided money for purchase of its own shares by employees or by trustees for the benefit of the employees.

11. Details in respect of frauds reported by auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

12. Change in the nature of business of the Company.

13. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year.

14. The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

26. ACKNOWLEDGEMENT

The Directors wish to acknowledge with thanks all stakeholders for their valuable sustained support and encouragement. It is this unity of purpose that breeds success and your Directors look forward to receiving similar support and encouragement from the investors in the years ahead.

On behalf of Board of Directors
Avanti Microfinance Private Limited

S. Nagaraj

Avanti Microfinance Private Limited

Thakkar

Mr. Nagaraj Subrahmanya	**Mr. Manish Thakkar**
Director	**Director**
DIN: 06906928	**DIN: 03233206**
Date: August 24, 2024	**Date: August 24, 2024**
Place: Bengaluru	**Place: Bengaluru**

Annexure I to Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT-GOINGS:

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy– The business activities of your Company does not require any new major energy consumption.

(ii) The steps taken by the Company for utilizing alternate sources of energy– Not Applicable

(iii) The capital investment on energy conservation equipment– Not Applicable

B. TECHNOLOGY ABSORPTION

The efforts made towards technology absorption– The business of your Company does not require any new technology.

The benefits derived like product improvement, cost reduction, product development or import substitution– Not Applicable

In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): –– Not Applicable

Sr. no	Details of Technology imported	Year of import	Fully absorbed Yes/ no	Areas for non-absorption of technology	Reasons
Not Applicable					

The expenditure incurred on Research and Development– Not applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Foreign Exchange Earnings and Expenditures were as follows:

Sr. No.	Particulars	For the year ended March 31, 2024 (Amount in INR)
1.	Earnings in Foreign Exchange [Actual Inflow]. This information needs actual inflow and not based on accrual basis.	NIL

2.	Expenditure in Foreign Currency [Actual Outflows] This information needs actual outflow and not based on accrual basis.	NIL

On behalf of Board of Directors
Avanti Microfinance Private Limited

S. Nagaraj

Avanti Microfinance Private Limited

Thakkar

Mr. Nagaraj Subrahmanya
Director
DIN: 06906928
Date: August 24, 2024
Place: Bengaluru

Mr. Manish Thakkar
Director
DIN: 03233206
Date: August 24, 2024
Place: Bengaluru

AVANTI MICROFINANCE

Corporate Governance Report

This report outlines compliance with the requirements of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 and as amended from time to time, as applicable to the Company.

A. Composition of the Board of Directors

Sl. No.	Name of the Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	No. of other Directorships	No. of shares held in and convertible instrument held in the NBFC
1	Mr. Rahul Gupta	March 29, 2024	Non-Executive Director	09247626	1	-
2	Mr. Manish Thakkar	March 29, 2024	Non-Executive Director	03233206	3	-
3	Mr. Nagaraj Subrahmanya	March 29, 2024	Non-Executive Director	06906928	1	-

B. Meetings of the Board of Directors

Sl. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1	July 29, 2023	3	2	66.67
2	August 14, 2023	3	2	66.67
3	October 31, 2023	3	2	66.67
4	February 07, 2024	3	2	66.67
5	March 29, 2024	3	2	66.67

AVANTI MICROFINANCE

C. Attendance of the Board of Directors

Sr. No.	Name of the Director	Board Meetings			Whether attended last AGM held on August 23, 2023 (Y/N)
		No. of Meeting Held	No. of Meeting attended	% of attendance	
1.	Mr. Ratan Naval Tata*	5	1	20.00%	N
2.	Dr. Vijay Laxman Kelkar*	5	4	80.00%	Y
3.	Mr. Nandan Mohan Nilekani*	5	5	100%	N

** Mr. Ratan Tata resigned from the Board w.e.f March 26, 2024 and Dr. Vijay Kelkar and Mr. Nandan Mohan Nilekani resigned from the Board w.e.f. March 29, 2024.*

Further, no board meeting was held after the new Board members were appointed on March 29, 2024 till the closure of the financial year.

The 7th Annual General Meeting of the Company was held on August 23, 2023.

D. Remuneration to the Board of Directors

The Company has not paid any remuneration to its di rectors during the financial year 2023-24 and hence, no disclosure is required.

E. Details of change in composition of the Board and Key Managerial Personnel during the current and previous financial year

Sl. No.	Name of the Director/Key Managerial Personnel	Capacity (i.e. Executive/ Non-Executive/ Chairman/Promoter nominee/ Independent) or Designation	Nature of change (resignation/ appointment)	Effective date
1	Mr. Ratan Tata	Director	Cessation	March 26, 2024
2	Dr. Vijay Kelkar	Director	Cessation	March 29, 2024
3	Mr. Nandan Nilekani	Director	Cessation	March 29, 2024
4	Mr. Rahul Gupta	Additional Director	Appointment	March 29, 2024
5	Mr. Manish Thakkar	Additional Director	Appointment	March 29, 2024
6	Mr. Nagaraj Subrahmanya	Additional Director	Appointment	March 29, 2024
7	Mr. Vikalp Chugh	Company Secretary	Cessation	January 03, 2024
8	Mr. Darshil Mehta	Company Secretary	Appointment	February 07, 2024

AVANTI MICROFINANCE

F. Committees of the Board and their composition

1. IT Strategy Committee

As on March 31, 2024, the IT Strategy Committee comprises of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2023-24, the IT Strategy Committee met 3 (Three) times on June 29, 2023, September 28, 2023 and December 26, 2023. The details of attendance of members and composition are as under:

Sl. No.	Name of the Member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/Promoter nominee/Independent)	Number of meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Rahul Gupta	March 13, 2023	Chairman – Non-executive Director	3	3	-
2	Mr. Manish Thakkar	March 13, 2023	Member – Non-executive Director	3	2	-
3	Mr. Nagaraj Subrahmanya	March 13, 2023	Member – Non-executive Director	3	3	-
4	Mr. Sunil Kumar Tadepalli	March 13, 2023	Member – Chief of Partnerships of the holding company	3	2	-
5	Mr. Lalitesh Katragadda	March 13, 2023	Member – Chief Product Officer of the holding company	3	0	-

Terms of reference:

a) Facilitating and building an effective IT security framework
b) Assist in aligning IT strategy to business strategy/plan
c) Approve and periodically review the IT Policy of the Company
d) Identify the risks affecting IT and managing it by documenting controls and monitoring
e) Ensure timely and effective resolution of IT issues

Note: As good corporate governance, the Company has constituted an IT Steering Committee as well.

AVANTI MICROFINANCE

G. General Body Meetings

During the financial year 2023-24, the general meetings of the shareholders of the Company were held as under:

Sl. No.	Type of Meeting- Annual (AGM) / Extra-Ordinary (EGM)	Date and Place	Special resolutions passed
1	AGM	August 23, 2023 via video conference	To take note of the waiver for the guarantee issued by the Company on the borrowings made by its holding company, Avanti Finance Private Limited

H. Details of non-compliance with requirements of Companies Act, 2013

The Company has complied with all the applicable provisions of Companies Act, 2013 and rules made thereunder.

I. Details of penalties and strictures

No penalties/strictures were imposed on the Company by the Reserve Bank of India or any other statutory authority or regulator during the period under review.

J. Breach of Covenants

No instances of breach of covenants of loan availed occurred during the period under review.

K. Divergence in Asset Classification and Provisioning

Since there were no additional provisioning requirements assessed by the RBI exceeding 5% of the reported profits before tax and impairment loss on financial instruments and no additional Gross NPAs were identified by the RBI exceeding 5% of the reported Gross NPAs, during the period under review, no disclosure is mandated.

On behalf of Board of Directors
Avanti Microfinance Private Limited

Avanti Microfinance Private Limited

S Nagaraj

Mr. Nagaraj Subrahmanya
Director
DIN: 06906928
Date: August 24, 2024
Place: Bengaluru

Thakkar

Mr. Manish Thakkar
Director
DIN: 03233206
Date: August 24, 2024
Place: Bengaluru

Management Discussion and Analysis

The administration and operational functions of the Company are governed by the overarching policies and directives established by the holding company, Avanti Finance Private Limited. The holding company retains authority over key decisions, resource allocation, and compliance matters, thereby maintaining a cohesive structure.

(i) Industry structure and developments.

The economic landscape of India is poised for unprecedented growth with GDP expanding at twice the global economic growth rate. The rural and semi-urban regions, accounting for 70% of the population yet receiving only 21% of financial credit, are crucial for steering the nation towards a sustainable growth path. The microfinance industry grew by 24.5% YoY in FY 2023-24 to cross the momentous INR 4 trillion mark maintaining its global dominance. Microfinance is the biggest source of capital creation at the bottom of the social pyramid. The growth in the customer base of 17% YoY to reach 78 million at the end of March 2024, with more than 45 million coming from rural / semi-urban India reflects the agenda of democratising financial access.

- The pricing of microfinance loans was deregulated with effect from 1st Apr 2022, but this year there were occasional voices from RBI that MFIs have increased interest rates disproportionately.
- RBI notified increase the risk weights in respect of consumer credit exposure of commercial banks (outstanding as well as new), including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, by 25 percentage points to 125%
- NBFCs becoming more asset-light by getting into co-lending and BC arrangements to optimise use of capital and support profitability. Regulator silent on NBFC-NBFC co-lending which has grown into a sizable market

The microfinance industry's future is backed by untapped household penetration, growing nuclear families, priority sector lending status, improving credit data quality, and heightened acknowledgment from the government, making it a critical tool for driving forward the financial inclusion agenda.

(ii) Opportunities and Threats

1. Opportunity:

India has a significant unbanked population, with over 190 million households lacking access to formal banking services. Microcredit is helping to fill this gap. The microfinance institution (MFI) sector in India has been expanding at a CAGR of around 20-25% in recent years. With many households still without formal banking, there is substantial potential to offer financial solutions to underserved communities. The emergence of fintech platforms creates opportunities for collaboration with digital service providers to reach these populations. Additionally, utilizing data analytics and alternative credit scoring methods can enhance the accuracy of credit assessments for potential borrowers, thereby reducing risk.

AVANTI MICROFINANCE PRIVATE LIMITED
Regd. Off.: # 2727, 2nd Floor, 1st Main Road, HAL 3rd Stage, Ward no 58 (Old no 83),
New Thippasandra, Bangalore, Bangalore North, Karnataka, India - 560075
Toll Free Number - 1800 309 5021 | Email: manish.thakkar@avantimfin.in | Web: www.avantimfin.in
CIN: U65929KA2016PTC138292

The Indian microfinance sector has attracted significant foreign direct investment (FDI), reflecting strong investor confidence. There is an increasing emphasis on incorporating environmental, social, and governance (ESG) practices within the sector. Given its focus, Avanti can tap into ESG funding, including social, gender, and green loans, from international development financial institutions. This shift is likely to bring new lenders and attract investors into the landscape.

2. Threat:

Frequent changes in regulatory policies have created uncertainty for microfinance institutions, affecting their operations and financial stability. Economic downturns, such as those caused by the pandemic or national events, have negatively impacted borrowers' ability to repay loans, resulting in higher delinquency rates.

Many potential clients often lack financial literacy, leading to poor financial choices of take loans from multiple MFIs, resulting in over-indebtedness and raising concerns about their repayment capacity, which heightens the likelihood of defaults.

High attrition rates among partner agents have caused instability in operations and disrupted continuity in borrower engagement. Additionally, past incidents of borrower distress, coupled with significant effects from climate change and macroeconomic factors, have damaged the sector's reputation, making it difficult to attract new commercial investors.

(iii) Segment–wise or product-wise performance

Segment/ Product	**Disbursement**	**AUM**	**30+ DPD**	**90+ DPD**
Retail:				
Direct	6,26,30,000	6,82,14,292	5,73,148	3,24,345
Assigned	1,64,51,622	1,73,97,796	4,44,361	3,67,722
Total	**7,90,81,622**	**8,56,12,088**	**10,17,509**	**6,92,068**

(iv) Outlook.

Your Company is well-positioned with an established collaborative model and a digital delivery system aimed at the unbanked and underserved segments, making credit access more equitable and seamless. The Company's unique presenceless approach, which leverages existing networks and institutions close to our target customers, will allow for rapid expansion and deeper penetration across the country. Additionally, co-lending partnerships with reputable financial institutions have enhanced the availability of quality capital for low-income borrowers.

(v) Risks and concerns

	Risk	Mitigation
Credit Risk	Non-repayment of loan by a borrower,	The Company has established a robust credit underwriting framework to assess borrower creditworthiness effectively. Unlike the Joint Liability Group (JLG) structure commonly used in the industry, the Company has consistently employed an individual assessment model. This approach allows for a thorough evaluation of each borrower's creditworthiness. The income assessment model enables precise analysis of household income, ensuring that debt levels are appropriate and not overly burdensome, thereby reducing the likelihood of non-repayment due to liquidity issues faced by borrowers. The Company assesses and identifies target markets, sectors, and geographies for expansion, taking into account its desired levels of diversification and concentration.
Operational Risk	Loss resulting from frauds, misappropriations, robberies, business disruptions due to failed execution of processes or products.	The Company views operational risk management as a fundamental concern due to its operating model and recognizes that effectively identifying and addressing risks is crucial to achieving its corporate objectives. It has established guidelines, principles, and a structured approach to manage operational risks by implementing a framework to identify, assess, measure, monitor, and control these risks in a timely and effective manner. Over the years, the Company has developed a robust partner onboarding framework to evaluate the quality of partners, which serves as the first step toward ensuring smooth operations. Additionally, the partner monitoring framework provides essential oversight and

		insights into the on-ground activities of partners on a continuous basis. The risk, data analytics and internal audit teams support the business teams by investigating significant fraud incidents and PAR events, identifying gaps in controls, and recommending improvements to enhance those controls.
Regulatory Risk	Risk airing on account of non-adherence to or changes in regulatory policies/ guidelines	The Company believes that a refined corporate governance framework is essential for consistent business performance. The internal compliance team regularly monitors and ensures adherence to all necessary compliance guidelines. Additionally, the in-house technology enables the Company to make agile adjustments to processes as needed, facilitating timely updates in response to regulatory requirements.
Liquidity Risk	Maintaining a sufficient liquidity buffer on a continuous basis	The Company adheres to the prudential limits for structural liquidity as prescribed by the Regulator. Company further follows a robust liquidity risk management to ensure maintenance of sufficient liquidity. The Company conducts stress testing involving various adverse scenarios and cashflow analysis to evaluate the robustness of liquidity position and takes corporate actions on timely basis to ensure sufficient liquidity at all times. Further The Asset Liability Management Committee (ALCO) assists the Risk Committee in evaluating risks emanating from Asset-liability mismatch, Interest rate risk, various aspects of liquidity risk management such as specifying the appropriate liquidity risk tolerance, internal product pricing, the funding strategy, stress testing and developing contingency plans etc., from time to time.

Interest Rate Risk	This arises on account of interest rate related fluctuations which could have a potential impact on earnings if the assets and liabilities have a mismatch in tenure.	The Company adopts pricing based on its own cost of funds, operating costs, liquidity carry cost and business risk premium. As a result, the interest rate risk is significantly mitigated.
IT Risk	Information systems are subject to serious threats by exploiting vulnerabilities to compromise the confidentiality, integrity, or availability of the information being processed, stored, or transmitted by the systems.	The Company utilizes a digital delivery model and is aware of the associated risks. Protecting information security is a top priority to prevent any leakage of client data. To enhance its systems and processes, the Company conducts an annual information security audit and penetration testing of the Avanti web platform and mobile application to identify vulnerabilities and make necessary improvements. Periodic training and awareness are given to individual employees on Information security and Cyber security.

(vi) Material developments in Human Resources/Industrial Relations front, including number of people employed.

The Company operates without any employees on its payroll. The role of Company Secretary is filled by an individual who is an employee of the holding company.

On behalf of Board of Directors
Avanti Microfinance Private Limited

Avanti Microfinance Private Limited

Mr. Nagaraj Subrahmanya
Director
DIN: 06906928
Date: August 24, 2024
Place: Bengaluru

Mr. Manish Thakkar
Director
DIN: 03233206
Date: August 24, 2024
Place: Bengaluru

Tel. : 9082339534
Puranik Kane & Co.
Chartered Accountants
Flat No. 7, Building No. 1, Ramkrishna Nagar CHS., Near VITS Sharanam Hotel, Teen Hath Naka, Thane (W) - 400 604.

INDEPENDENT AUDITOR'S REPORT
To the Members of Avanti Microfinance Private Limited
Report on the Audit of Standalone Financial Results

Opinion

We have audited the accompanying Standalone financial statements of **Avanti Microfinance Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2024, the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements prepared by the Company 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 Indian Accounting Standards prescribed under Section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its Profit, total comprehensive income, its cash flows and the changes in equity 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

a) The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

c) In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

d) When we read the Other Information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance as required under SA 720 (Revised) "The Auditor's Responsibilities Relating to Other Information".

Responsibility of Management for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed 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

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from material misstatement, whether due to fraud or error.

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

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

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

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

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

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

- Conclude on the appropriateness of the 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 results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

1) As required by the Companies (Auditor's Report) Order, 2020 (CARO 2020 / "the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   c) As the Company's financial accounting system is centralised at head office, no returns for the purpose of our audit are prepared at the branches of the company;

   d) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, and the Statement of Cash Flows and statement of changes in equity dealt with by this Report are in agreement with the books of account.

   e) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act.

   f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under Section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated June 13, 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated July 25, 2017.

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

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

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

iii. There are no amounts, which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2024; and

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

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

c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

v. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

vi. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the limit prescribed by section 197 for maximum permissible managerial remuneration is not applicable to a private limited company.

vii. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account for the year ended 31st March 2024 which has a feature of recording audit trail facility and the same has operated throughout the year for all relevant transactions recorded in the software.

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with, in respect of accounting software for which the audit trail feature was operating.

As proviso to rule 3(1) of the companies (Accounts) Rules, 2014 is applicable for the company from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March 2024.

For Puranik Kane & Co
Chartered Accountants
ICAI Firm Reg. No. 120215W

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Ashish Ashok Kane
Partner
M. No. 104076
UDIN : 24104076BKFXDR9454

Place: Thane
Date: 24-08-2024

Tel. : 9082339534

Puranik Kane & Co.

Chartered Accountants

Flat No. 7, Building No. 1, Ramkrishna Nagar CHS., Near VITS Sharanam Hotel, Teen Hath Naka, Thane (W) - 400 604.

Annexure "A" to Independent Auditor's Report for the year ended 31st March 2024

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Report on Companies (Auditor's Report) Order, 2016 ("the Order" or "CARO 2020") issued by the Central Government in terms of Sec 143(11) of the Companies Act, 2013 of Avanti Microfinance Private Limited ("the Company").

We report that:

1) (a) The Company does not have any Property, Plant and Equipment and hence reporting under clause i(a)(A) is not applicable. The Company has maintained proper register for recording full particulars of Intangible Assets as required by clause i(a)(B).

(b) The Company does not have any Property, Plant and Equipment and hence reporting under clause i(b) of CARO 2020 is not applicable

(c) Since the Company does not hold any Immovable Property, reporting under clause i(c) of CARO 2020 is not applicable to the Company.

(d) The Company does not have any Property, Plant and Equipment and hence question of revaluation does not arise. The Company has not revalued Intangible Assets during the year.

(e) According to the information and explanations given to us and based on management representations, there are no proceedings initiated or are pending against the Company as at 31st March, 2024 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

2) (a) The Company does not have any inventory and hence reporting under clause ii(a) of CARO 2020 is not applicable.

(b) The Company has not been sanctioned any working capital limits in excess of Rs. Five crores during the year and hence clause ii(b) of CARO 2020 is not applicable.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

3) (a) Since the Company is a NBFC whose principal business is to give loans, clause iii(a) of CARO 2020 is not applicable.

(b) In our opinion and according to information and explanations given to us, the terms and conditions of all loans and advances in the nature of loans provided by the Company are not prejudicial to the interest of the Company. The Company has not made any investments or given any guarantee which are prejudicial to the interest of the Company.

(c) The Company is principally engaged in the business of providing loans. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for cases having outstanding balances at the year end aggregating to Rs.87,15,646 wherein the repayments of principal and interest are not regular. Having regard to the nature of Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where repayment of principal and interest have not been regular.

(d) Total amount of loans overdue for more than ninety days as on 31st March 2024 is Rs. 6,23,703 and in our opinion and according to information and explanations given to us reasonable steps have been taken by the Company for recovery of principal and interest.

(e) Since the Company is a NBFC whose principal business is to give loans, clause iii(e) of CARO 2020 is not applicable.

(f) According to information and explanations given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

4) In our opinion and according to information and explanations given to us, there are no loans, investments and securities granted in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable.

5) According to the information and explanations given to us, the Company has not accepted deposits or amounts which are deemed to be deposits from the public in terms of directives issued by Reserve Bank of India and provisions of Sections 73 to 76 of the Companies Act, 2013. Accordingly, clause (v) of the Order is not applicable to the Company.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

6) According to the information and explanations given to us, pursuant to the rules prescribed by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, the Company is not required to maintain cost records in respect of services rendered by the Company. Accordingly, clause (vi) of the Order is not applicable to the Company.

7) (a) According to the information and explanations given to us and the records available, Company is generally regular in depositing undisputed statutory dues including Goods and Service tax, provident fund, employees state insurance, income tax, value added tax, cess and other material statutory dues as applicable with appropriate authorities. Further, according to the information and explanations given to us, there were no undisputed amounts payable in respect Goods and Service tax, provident fund, employees state insurance, income tax, sales-tax, service tax, duty of customs, value added tax, cess and other material statutory dues outstanding as at 31 st March, 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the company, there are no dues of Goods and Service tax, provident fund, employees state insurance, income tax, sales-tax, service tax, duty of customs, value added tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute as at 31 st March, 2024.

8) According to the information and explanations given to us, no transaction which was not recorded in the books of account have been surrendered or disclosed as income by the Company during the year in the tax assessments under the Income Tax Act, 1961

9) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender.

(b) According to the information and explanations given to us, the company is not declared as wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us, the Company has not taken any term loans and hence clause (ix)(c) is not applicable to the Company.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

(d) According to the information and explanations given to us the Company has not raised any short term loans and hence clause (ix)(d) is not applicable to the Company.

(e) According to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, the company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

10) (a) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares convertible debentures (fully, partially or optionally convertible) during the year.

11) (a) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report has been filed under sub-section (12) of section 143 of the Companies Act in Form ADT 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, there are no whistle-blower complaints received during the year by the company.

12) Since the Company is not a nidhi company, clause (xii) of the Order is not applicable to the Company.

13) The company is a private company and hence the provisions of Section 177 of Companies Act, 2013 ("the Act") is not applicable to the company. In our opinion and according to the information and explanations given to us the company is in compliance with Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone financial statement etc. as required by the applicable accounting standards.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

14) According to the information and explanations given to us, the Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of Companies Act, 2013. Hence, clause (xiv) (a) and (b) is not applicable to the company.

15) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

16) (a) The Company is required to be registered under section 45-IA of Reserve Bank of India Act, 1934 and it has obtained registration on 11 th July, 2017.

(b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial activities without obtaining a valid Certificate of Registration from the Reserve Bank of India as per Reserve Bank of India Act, 1934

(c) According to the information and explanations given to us, the Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable

17) The company has not incurred cash losses in the financial year. The company had incurred cash losses of Rs.2,24,06,819 in immediately preceding financial year.

18) There has been no resignation of the Statutory Auditor during the year.

19) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

20) (a) According to the information and explanations given to us and on the basis of our examination of the records, the company is not liable to contribute towards Corporate Social Responsibility (CSR) as specified in Section 135 of the Companies Act Accordingly, reporting under clause (xx)(a) of the Order is not applicable for the year.

(b) the Corporate Social Responsibility (CSR) policy is not applicable to the company. Accordingly, reporting under clause (xx)(b) of the Order is not applicable for the year.

For Puranik Kane & Co.
Chartered Accountants
Firm Registration No.: 120215W

Ashish Ashok Kane
Partner
ICAI Membership No. 104076
UDIN: 24104076BKFXDR9454

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited
Standalone Balance Sheet as at March 31, 2024

(Rupees in Lakhs)

Particulars		As at March 31, 2024	As at March 31, 2023	As at April 01, 2022
ASSETS				
1 Financial assets				
(a) Cash and cash equivalents	6	8.01	12.88	542.33
(b) Bank balance other than cash and cash equivalents		-	-	-
(c) Trade Receivables		-	-	-
(d) Loans	7	821.32	658.33	539.48
(e) Other financial assets	8	-	77.85	186.68
2 Non-financial assets				
(a) Intangible assets	9	-	-	1,836.12
(b) Other non-financial assets	10	-	1.22	1.36
Total Assets		829.33	750.28	3,105.97
LIABILITIES AND EQUITY				
1 Financial liabilities				
Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	11	26.43	17.26	301.34
2 Non-financial liabilities				
(a) Other non-financial liabilities	12	1.80	3.27	45.45
3 Equity				
(a) Equity share capital	13	3,951.61	3,951.61	3,951.61
(b) Other equity	14	(3,150.52)	(3,221.86)	(1,192.43)
Total Liabilities and Equity		829.33	750.28	3,105.97

Refer Summary of material accounting policies and accompanying notes which form an integral part of the financial statements 1-36'

In terms of our report attached

For and on behalf of the Board of Directors

Avanti Microfinance Private Limited

S. Nagaraj

Nagaraj Subrahmanya
Director
DIN: 06906928

Manish Thakkar
Director
DIN: 03233206

DMehta

Darshil Mehta
Company Secretary
ACS: 61030

Puranik Kane & Co.
Chartered Accountants
Firm No. 120215W

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Ashish Ashok Kane
Partner
M. No. 104076
Place: Mumbai

Avanti Microfinance Private Limited

Standalone statement of Profit and Loss for the year ended March 31, 2024

(Rupees in Lakhs)

	Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
	Revenue from operations			
	(i) Interest income	15	122.49	71.01
(I)	**Total Revenue from operations**		122.49	71.01
(II)	Other Income	16	-	4.00
(III)	**Total Income (I + II)**		122.49	75.01
	Expenses			
	(i) Fee and commission expenses	17	32.98	24.54
	(ii) Impairment of financial instruments	18	5.55	-28.84
	(iii) Employee benefit expenses		-	54.63
	(iv) Depreciation, amortization and impairment	19	-	367.83
	(v) Write off of Intangible asset		-	1,468.29
	(vi) Hosting and Licensing Fee		-	181.35
	(vii) Other expenses	20	12.62	36.65
(IV)	**Total Expenses**		51.15	2,104.44
(V)	**Profit/(loss) before tax (III - IV)**		71.34	(2,029.44)
(VI)	Exceptional items			
(VII)	Profit/(loss) before tax (V- VI)		**71.34**	**(2,029.44)**
(VI)	Tax Expense:			
	(i) Current tax		-	-
(XIII)	Profit/(loss) for the period		**71.34**	**(2,029.44)**
	Other Comprehensive Income			
	A) Items that will not be classified to profit or loss			
	(i) Remeasurement gain/ (loss) of defined benefit plans			
	(ii) Tax impact thereon			
	Subtotal (A)			
	B) Items that will be classified to profit or loss			
	(i) Fair value gain/ (loss) on debt instruments measured at FVOCI			
	(ii) Tax impact thereon			
	Subtotal (B)			
	Other Comprehensive Income (A + B)			
	Total Comprehensive Income for the period (VII + VIII)		**71.34**	**(2,029.44)**
	Earnings per equity share			
	Basic (Rs.)		0.18	-5.14
	Diluted (Rs.)		0.18	-5.14

Refer Summary of material accounting policies and accompanying notes which form an integral part of the financial statements 1-36'

In terms of our report attached

For and on behalf of the Board of Directors

Puranik Kane & Co.
Chartered Accountants
Firm No. 120215W

Ashish Ashok Kane
Partner
M. No. 104076
Place: Mumbai

Nagaraj Subrahmanya
Director
DIN: 06906928

Manish Thakkar
Director
DIN: 03233206

Darshil Mehta
Company Secretary
ACS: 61030

Avanti Microfinance Private Limited
Cash Flow Statement for the year ended March 31, 2024

Sr No	Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
		(Rupees in Lakhs)	(Rupees in Lakhs)	(Rupees in Lakhs)	(Rupees in Lakhs)
A	**Cash flows from operating activities**				
	i) (Loss)/Profit before tax		71.34		(2,029.44)
	ii) Adjustments for:				
	Depreciation/ Amortization	-		367.83	
	Write off of Intangible asset	-		1,468.29	
	Provision on Loan Assets	6.89		(90.79)	
	Provision of Loans and Advances (GST input credit)	0.04		17.52	
	Interest Income on Fixed Deposit	-		(3.99)	
	Write off	-1.35		61.95	
	Finance cost			-	
			5.59		1,820.81
	iii) **Operating Loss before working capital changes**		76.93		(208.62)
	iv) Adjustments for:				
	Increase / (Decrease) in Trade Payable	9.17		(284.08)	
	Increase / (Decrease) in other non financial Liabilities	(1.46)		(42.19)	
	(Decrease)/Increase in other Liabilities	-		-	
	(Decrease)/Increase in other Liabilities	-		-	
	(Increase) / Decrease in Other financial asset	77.85		108.83	
	(Increase) / Decrease in Loans and Advances	(168.58)		(107.53)	
			(83.01)		(324.97)
	v) Cash used in operations		(6.09)		(533.59)
	Income-tax paid (net)		1.22		0.14
	Net cash used in operating activities		**(4.86)**		**(533.45)**
B	**Cash flows from investing activities**				
	Fixed Deposit matured with Bank				
	Purchase of Fixed assets		-		-
	Interest received on Fixed deposit		-		3.98
	Net cash flows generated in investing activities		-		**3.98**
C	**Cash flow from financing activities**				
	Issue of share capital	-		-	
	Repayment of Loan from shareholder	-		-	
					-
	Net Increase in cash and cash equivalents		**(4.86)**		**(529.47)**
	Cash and cash equivalents at the beginning of the year		**12.88**		**542.32**
	Cash and cash equivalents at the end of the year		**8.01**		**12.88**
	Fixed Deposit with bank				
	Cash and Cash Equivalents as per Financial Statements		**8.01**		**12.88**

Refer Summary of material accounting policies and accompanying notes which form an integral part of the 1-36'
1. Reconciliation of cash and cash equivalents with
Particulars
Cash and cash equivalents (Refer Note 10)
Deposits under lien (included in deposit account)

Avanti Microfinance Private Limited

In terms of our report attached

Puranik Kane & Co.
Chartered Accountants
Firm No. 120215W

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Ashish Ashok Kane
Partner
M. No. 104076
Place: Mumbai

For and on behalf of the Board of Directors

Nagaraj Subrahmanya
Director
DIN: 06906928

Manish Thakkar
Director
DIN: 03233206

Darshil Mehta
Company Secretary
ACS: 61030

Avanti Microfinance Private Limited

Notes forming part of financial statements

1. Corporate Information

Avanti Microfinance Private Limited ("the Company") is registered under Companies Act, 2013 as a private Company. The Company has been incorporated on October 7, 2016 to carry on the business of microfinance facility by catering to the credit requirements of the under-served and un-served segments of the population of India, providing finance in terms of short / medium term loans, working capital finance or other debt rated services to the economically poor individuals or to collectives or organisations which will assist in providing for the credit requirements of the under-served and unserved segments of the population, such as self-help groups, village level organisations, federations, producer organisations, societies, merchant bodies, traders, industries, commercial establishments, financial institutions, co-operative societies, non-government organisations, private, charitable, educational and research institutions and related entities and to carry on the business of microfinance services (As a Non-Banking Financial Services - Micro Finance Institution as permitted by the Reserve Bank of India) ; The company is registered as a Non-Banking Finance Company - Micro Finance Institution ("NBFC - MFI") without accepting public deposits, holding a Certificate of Registration from the Reserve Bank of India ("RBI") dated 11 July 2017.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared, on a going concern basis, in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, the circulars, the guidelines and the master directions issued by the Reserve Bank of India (the "RBI") and other accounting principles generally accepted in India.

The financial statements were approved for issue by the Company's Board of Directors on 24-08-2024

Presentation of financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity are presented in the format prescribed in the Schedule III vide their Notification G.S.R. 1022(E) dated 11 October 2018 for Non –Banking Financial Companies in Division III to the Act read with amendment to Schedule III made vide Notification G.S.R. (E) dated 24 March 2021 along with other relevant provisions of the Act, the Master- Direction- Reserve bank of India(Non-Banking Financial Company- Scale based regulation) Directions 2023 ('the NBFC Master Direction') and notification for implementation of Indian Accounting standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No 109/22.10.106/2019-20 dated 13th March 2020 and RBI/2020-21/15 DOR(NBFC).CC.PD.No 116/22.10.106/2020-21 dated 24th July 2020 (RBI Notification for implementation of IND AS') issued by RBI. The statement of cash flow has been presented as per the requirements of Ind AS 7 "Statement of Cash Flows"

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note no. 27 of the Standalone financial statement

Basis of measurement

The financial statements have been prepared under the historical cost convention, except the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest lakhs up to two decimal places, unless otherwise indicated.

Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known or materialized.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i. Business model assessment refer para 3.3.2
ii. Defined employee benefit assets and liabilities refer para 3.15.2
iii. Fair Value Measurement: When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iv. Impairment of Loan portfolio refer para 3.6

v. Effective Interest rate refer para 3.1

vi. Other estimates: These include contingent liabilities, useful lives of tangible and intangible assets etc.

3. Significant accounting policies

3.1 Recognition of interest income

The Company computes Interest income by applying the effective interest rate to the gross carrying amount of a financial asset carried at Amortised cost or Fair value through OCI except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Company includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs.

Interest income on all financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate.

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

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

3.2 Recognition of income and expenses

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

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

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Fee income

Loan processing fee/document fees/stamp fees which are an integral part of financial assets are recognized through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortized portion of the fee is recognized as income to the Statement of profit and loss at the time of such foreclosure/transfer through the assignment. Applications fee is recognized at the commencement of the contracts. Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognized on a realization basis, while rate conversion charges are recognized upfront based on event occurrence.

Commission income

Commission income earned for the services rendered is recognized on an accrual basis.

Net gain from financial instruments at FVTPL

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

Other income

Other income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

PURANIK KANE & CO MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Company accepts FLDG from partners in accordance with RBI Guidelines and income from invocation of FLDG is accounted only when there is a certainty of collections.

3.3 Financial instruments

Recognition and initial measurement

Financial assets and liabilities are recognsied when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value on a trade date basis. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. Transaction costs of financial instrument carried at fair value through profit or loss are expensed in profit or loss.

Classification and subsequent measurement

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

Financial assets (other than equity)

The company subsequently classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through profit or loss
- fair value through other comprehensive income

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

- The asset is held within a business model whose objective is to hold assets 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 on the principal amount outstanding.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Company determines business

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

model at a level that reflects its business operations & management of portfolio loans & not at instrument level. The information considered includes;

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal) Amount 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a Particulars period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.
Financial assets (other than Equity Investments) at FVOCI	Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.

Financial liabilities and equity instruments

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities are subsequently measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense and foreign exchange gains and losses are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Amortised cost	Revised classification	Accounting treatment

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

De-recognition, modification and transfer

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that 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

PURANIK KANE & CO MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

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

Assignment transactions:

Transfer of loans through assignment transaction can be made only after continuing involvement in loans i.e retaining a minimum specific percentage of loan but without retaining any substantial risk and reward in the loan assigned. The assigned portion of loans is derecognised and gains/losses are accounted for, only if the company transfers substantially all risks and rewards specified in the underlying assigned loan contracts. Gain/loss arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding loan is derecognised from the Balance Sheet immediately. Further, if the transfer of loan qualifies for derecognition, entire interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as interest strip receivable (interest strip on assignment) and correspondingly presented as gain/loss on derecognition of financial asset. The Service fee received is accounted for based on the terms of the underlying deal structure of the transaction.

Securitisation transactions

In case of securitisation transactions, the Company retains substantially all the risks and rewards, of ownership of a portion of the transferred loan assets. The Company continues to recognise the entire loan and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between:
I) the carrying amount (measured at the date of derecognition) and
II) the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.
The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised as 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.

3.4 Impairment and write off

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortized cost along with related undrawn commitments and loans sanctioned but not disbursed.

ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments. Equity instruments are not subjected to ECL.

For recognition of impairment loss on financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

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 a 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 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

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

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Stage 3: When loans shows significant increase in credit risk and/or are considered credit-impaired, the company records an allowance for the life time expected credit losses.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Key elements of ECL computation are outlined below:

• Exposure at Default (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 repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

• Probability of default ("PD") is an estimate of the likelihood that customer will 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 de-recognised and is still in the portfolio. PD is calculated based on historical default rate summary of past years using historical analysis.

• Loss given default ("LGD") estimates the normalised loss which Company incurs post customer default. It is computed using historical loss and recovery experience. It is usually expressed as a percentage of the Exposure at default ("EAD").

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 41

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. ECL impairment loss allowance (or reversal) recognized during the period is accounted as income/ expense in the statement of profit and loss.

Undrawn loan commitments

When estimating LTECL's for undrawn loan commitments, the company estimates the expected portion of the loan commitment that will be draw down over its expected life. The

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

ECL is then based on the present value of the expected shortfalls in cash flows if the loan is draw down based on the probability weighted of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. The ECLs related to the undrawn loan commitment are recognised within provisions.

Financial Guarantee contracts

The Company's Liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to the financial guarantee contracts are recognised within provisions.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Impairment of Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The provision matrix is based on expected credit loss allowance financial assets

3.5 Determination of fair value

The Company measures financial instruments, such as, investments 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:

i. In the principal market for the asset or liability, or
ii. 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, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers 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 enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

3.6 Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

3.7 Other expenses

All Other expenses are recognized in the period they occur.

3.8 Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

3.9 Intangible assets

The Company's intangible assets consist of 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. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible asset comprising of software is amortised over a period of five years, being management's estimates of the useful life of such intangibles

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.10 Impairment of non-financial assets

The Company's 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 considered. 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.

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

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

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.

Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as

equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company before the end of the financial year which are unpaid. Trade and other payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

Employee Benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.11 Post employment benefits

3.11.1 Defined contribution schemes

Contributions to the Employees Provident Fund Scheme maintained by the Central Government are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The company has no obligation, other than the contribution payable under the scheme. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the

FURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

3.11.2 Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by Life Insurance Company Limited and such other insurance company from time to time.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

3.12 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Commitments

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

a) Estimated amounts of contracts remaining to be executed on capital account and not provided for;

b) Other non-cancellable commitments, if any

3.17 Taxes

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

3.17.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India 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.

3.17.2 Deferred tax

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle

PURANIK KANE & CO. MUMBAI

Avanti Microfinance Private Limited

current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

3.17.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

3.19 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.20 Dividend on equity shares

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognized directly in equity.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

3.21 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

3.23 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.

3.24 Recent accounting developments

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part of financial statements (Continued.....)

4. EXPLANATION OF TRANSITION TO IND AS

The Financial Statements have been prepared in accordance with Ind AS as notified by Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Act. In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2023. Previous year figures have been restated to Ind AS. In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under IGAAP to Ind AS of Shareholders' equity as at March 31, 2023 and April 1, 2022 and of the comprehensive net income for the

Exemptions from retrospective application:

Depreciation on Fixed Assets

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2022.

5. Reconciliations between IGAAP and Ind AS

i.Statement of reconciliation of equity

Particulars	As at March 31, 2023	As at April 01, 2022
Equity as reported under IGAAP (belonging to Owner)	751.71	2,811.90
a) Impairment allowance on financial instruments measured at amortised cost	-19.55	-52.72
b) Impact of EIR method on financial instruments measured at amortised cost	-2.41	-
Equity as reported under Ind AS (belonging to Owner)	729.75	2,759.18

ii.Statement of reconciliation of Total Comprehensive income

Particulars	As at March 31, 2023
Net profit attributable to Group as reported under IGAAP	-2,060.19
a) Impairment allowance on financial instruments measured at amortised co	33.17
b) Impact of EIR method on financial instruments measured at amortised cost	-2.41
Net Profit as reported under Ind AS	-2,029.43

iii. Reconciliation of Statement of Cash Flow

There are no material adjustments to the Statement of Cash Flow as reported under the IGAAP.

PURANIK KANE & CO MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part of financial statements (Continued.....)

iv. Reconciliation of Balance Sheet as at March 31, 2023

		Particulars	Note	As at March 31, 2023	Reclassification	Remeasurement	IND AS Figure
		ASSETS					
	1	**Financial assets**					
(a)		Cash and cash equivalents	6	12.88	-	-	12.88
(b)		Bank balance other than cash and cash equivalents		-			-
(c)		Trade Receivables		-			-
(d)		Loans	7	677.89	2.39	-21.96	658.33
(e)		Other financial assets	8	83.16	-5.31		77.85
	2	**Non-financial assets**					-
(a)		Intangible assets	9	-			-
(b)		Other non-financial assets	10	-	1.22		1.22
		Total Assets		773.93	-1.70	-21.96	750.28
		LIABILITIES AND EQUITY					-
	1	**Financial liabilities**					-
(a)							-
		(I) Trade payables					
		(i) Total outstanding dues of micro enterprises and small enterprises					-
		(ii)Total outstanding dues of creditors otherthan micro enterprises and small enterprises than micro enterprises and small enterprises	11	17.26	-		17.26
		(II) Other payables					-
		(i) Total outstanding dues of micro enterprises and small enterprises					-
		(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-			-
	2	**Non-financial liabilities**					-
(a)		Other non-financial liabilities	12	4.96	-1.70		3.27
	3	**Equity**					-
(a)		Equity share capital	13	3,951.61			3,951.61
(b)		Other equity	14	-3,199.90		-21.96	-3,221.86
		Total Liabilities and Equity		773.93	-1.70	-21.96	750.28

v. Reconciliation of Balance Sheet as at April 01, 2022

		Particulars	Note	As at April 01, 2022	Reclassification	Remeasurement	IND AS Figure
		ASSETS					
	1	**Financial assets**					
(a)		Cash and cash equivalents	6	541.96	0.36	-	542.33
(b)		Bank balance other than cash and cash equivalents		-			-
(c)		Trade Receivables		-			-
(d)		Loans	7	637.24	-45.04	-52.72	539.48
(e)		Other financial assets	8	202.67	-15.99		186.68
	2	**Non-financial assets**					-
(a)		Intangible assets	9	1,836.12			1,836.12
(b)		Other non-financial assets	10	-	1.36		1.36
		Total Assets		3,217.99	-59.31	-52.72	3,105.97
		LIABILITIES AND EQUITY					-
	1	**Financial liabilities**					-
(a)							-
		(I) Trade payables					
		(i) Total outstanding dues of micro enterprises and small enterprises					-
		(ii)Total outstanding dues of creditors otherthan micro enterprises and small enterprises than micro enterprises and small enterprises	11	301.34	-		301.34
		(II) Other payables					-
		(i) Total outstanding dues of micro enterprises and small enterprises					-
		(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-			-
	2	**Non-financial liabilities**					-
(a)		Other non-financial liabilities	12	104.75	-59.31		45.44
	3	**Equity**					-
(a)		Equity share capital	13	3,951.61			3,951.61
(b)		Other equity	14	-1,139.71		-52.72	-1,192.43
		Total Liabilities and Equity		3,217.99	-59.31	-52.72	3,105.97

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part of financial statements (Continued.....)

vi. Statement of reconciliation of Profit and Loss for the year ended March 31, 2023

		Particulars	Notes	For the year ended March 31, 2023	Reclassification	Remeasurement	IND AS Figure
		Revenue from operations					
	(i)	Interest income	15	70.97	2.45	-2.41	71.01
	(ii)	Fees and Commission		4.75	-4.75		-
(I)		**Total Revenue from operations**		**75.72**	**-2.30**	**-2.41**	**71.01**
(II)		Other Income	16	4.00			4.00
(III)		**Total Income (I + II)**		**79.72**	**-2.30**	**-2.41**	**75.01**
		Expenses					
	(i)	Fee and commission expenses	17	-	24.54	-	24.54
	(ii)	Impairment of financial instruments	18	4.33		-33.17	-28.84
	(iii)	Employee benefit expenses		54.63			54.63
	(iv)	Depreciation, amortization and impairment	19	367.83			367.83
	(v)	Write off of intangible asset		1,468.29			1,468.29
	(vi)	Hosting and Licensing Fee		181.35			181.35
	(vii)	Other expenses	20	63.48	-26.83		36.65
(IV)		**Total Expenses**		**2,139.92**	**-2.30**	**-33.17**	**2,104.44**
(V)		**Profit/(loss) before tax (III - IV)**		**(2,060.19)**	**-**	**30.76**	**(2,029.43)**
(VI)		Exceptional items					
(VII)		Profit/(loss) before tax (V-VI)		(2,060.19)			(2,029.43)
(VI)		Tax Expense:					
	(i)	Current tax		-			-
(XIII)		Profit/(loss) for the period		(2,060.19)			(2,029.43)
		Other Comprehensive Income					
	A)	Items that will not be classified to profit or loss					
		(i) Remeasurement gain/ (loss) of defined benefit plans					
		(ii) Tax impact thereon					
		Subtotal (A)					
	B)	Items that will be classified to profit or loss					
		(i) Fair value gain/ (loss) on debt instruments measured at FVOCI					
		(ii) Tax impact thereon					
		Subtotal (B)					
		Other Comprehensive Income (A + B)					
		Total Comprehensive Income for the period (VII + VIII)		(2,060.19)			(2,029.43)

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

vii. EXPLANATION OF TRANSITION TO IND AS

Note: Explanation to IND AS adjustments:

a. Impairment allowance on Financial Instruments at Amortised cost

As per Ind AS 109, the Group is required to apply Expected Credit Loss (ECL) model for stage 1 assets (DPD less than or equal to 29 days), stage 2 assets (DPD equal to 30 days and less than 89 days) and stage 3 assets (DPD equal to 90 days or more) based on assessment of level of credit risk and recognise the impairment allowance on loans.
Consequent to the above, the impairment allowance increased by INR 19.55 lakh as at March 31, 2023 (April 01, 2022 INR 52.72 lakh). Consequently, the total equity as at March 31, 2023 decreased by INR 19.55 lakh (April 01, 2022 INR 52.72 lakh).

b. Interest as per effective interest rate on financial assets measured at amortised cost:

Loans and Advance

Under IGAAP, processing fees income and direct sourcing cost were accounted upfront. Under Ind AS, such income and expenses are required to be amortised over the behavioural tenure. The unamortised processing fees and platform fee are recorded as a liability and correspondingly equity is decreased. The unamortised direct sourcing agency cost is decreased andaccordingly, the equity is reduced.
The total equity as at March 31, 2023 decreased by INR 2.41 lakh (April 01, 2022 INR Nil) and interest income in the Statement of Profit and Loss for the year ended March 31, 2023 decreased by INR 2.41 lakh.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited

Notes forming part or standalone financiai statements (continued...)

6: Cash and cash equivalents

(Rs. In Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
Cash on hand	-	-	-
Balances with Banks			
(i) In Current Accounts	8.01	12.88	341.15
- Bank deposit with maturity of less than 3 months	-	-	201.18
Total	**8.01**	**12.88**	**542.33**

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part or standalone financiai statements (continued...)

7: Loans

Particulars	**As at March 31, 2024**	**As at March 31, 2023**	**As at April 1, 2022**
At Amortised Cost			
(A)			
i) Term Loan	849.46	679.57	651.51
Total (A) - Gross	**849.46**	**679.57**	**651.51**
Less : Impairment loss allowance	-28.14	-21.24	-112.03
Total (A) - Net	**821.32**	**658.33**	**539.48**
(B)			
I) Secured by tangible assets and intangible	-		
II) Covered by Bank / Government Guarantees	-	-	-
III) Unsecured		-	-
i) Term Loan	849.46	679.57	651.51
	-	-	-
Total (III) - Gross	**849.46**	**679.57**	**651.51**
Less : Impairment loss allowance	(28.14)	(21.24)	(112.03)
Total (III) - Net	**821.32**	**658.33**	**539.48**
Total (I+II+III) - Net	**821.32**	**658.33**	**539.48**
(C)			
i) Public Sector		-	-
ii) Others	849.46	679.57	651.51
Total (C) - Gross	**849.46**	**679.57**	**651.51**
Less: Impairment Loss Allowance (C)	(28.14)	(21.24)	(112.03)
Total (C)- Net	**821.32**	**658.33**	**539.48**

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part or standalone financiai statements (continued...)

8: Other financial assets (Rs. in lakhs)

Particulars	As at March 31,	As at March 31,	As at April 1, 2022
Receivable under assignment	-	77.85	186.68
Total	-	**77.85**	**186.68**

9: Intangible Assets (Rs. in lakhs)

Particulars	Computer
Cost:	
At April 1, 2022	1,836.12
Gross book value At 1st April 2022	1,836.12
Additions	-
Disposals	-
At March 31, 2023	**1,836.12**
Additions	
Disposals	-
At March 31, 2024	**1,836.12**
Accumulated amortisation	
At April 1, 2022	-
Amortisation charge for the year ended March 31, 2023	367.83
Write off of Intangible asset for the year ended March 31, 2023	1,468.29
At March 31, 2023	**1,836.12**
Net book value:	
At 01 April 2022	**1,836.12**
At March 31, 2023	-

Notes

"The Company had created Intangible Asset for software expenses which was used in its business of lending. During the year the Board has approved write off of the Intangible Asset of Rs 14.68 Lakhs based on the revised assessment of usability of the Intangible Asset by the management."

10: Other Non-financial assets (Rs. in lakhs)

Particulars	As at March 31,	As at March 31,	As at April 1, 2022
Advance tax	-	1.22	1.36
Balance receivable from Govt.	-	-	-
Total	-	**1.22**	**1.36**

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part or standalone financiai statements (continued...)

Note 11. Trade payables

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023	As at 01 April 2022
Dues to micro enterprises and small enterprises (refer note 44 for dues to Micro, Small and Medium enterprise)	-	-	-
Dues to creditors other than micro enterprises and small enterprises	26.43	17.26	326.27
Total	26.43	17.26	326.27

(A) Trade Payable aging schedule as on 31 March 2023

Particulars	Unbilled dues	Outstanding for following periods from transaction				
		Less than 1 year	1-2years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	26.43	-	-	-	26.43
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

(B) Trade Payable aging schedule as on 31 March 2023

Particulars	Unbilled dues	Outstanding for following periods from transaction				
		Less than 1 year	1-2years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	17.26	-	-	-	17.26
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

(C) Trade Payable aging schedule as on 31 March 2022

Particulars	Unbilled dues	Outstanding for following periods from transaction				
		Less than 1 year	1-2years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	301.34	-	-	-	301.34
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part or standalone financiai statements (continued...)

12: Other Non-financial liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
Statutory dues payable	1.81	3.27	29.68
Others	-	-	15.77
Total	**1.81**	**3.27**	**45.45**

PURANIK KANE & CO. * MUMBAI * CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited *

Notes forming part or standalone financial statements (continued...)

	As at March 31, 2024 (Rupees in Lakhs)	As at March 31, 2023 (Rupees in Lakhs)	As at March 31, 2022 (Rupees in Lakhs)
Note 13			
SHARE CAPITAL			
(a) AUTHORISED			
4,00,00,000 Equity Shares of Rs.10/- each (Previous year 4,00,00,000 Equity Shares of Rs. 10/- each)	4,000.00	4,000.00	4,000.00
(b) ISSUED, SUBSCRIBED AND PAID-UP			
3,95,16,107 Equity Shares of Rs. 10/- each fully paid-up (Previous Year 3,95,16,107 Equity Shares of Rs. 10/- each fully paid-up)	3,951.61	3,951.61	3,951.61
Total	3,951.61	3,951.61	3,951.61

Reconciliation of Shares outstanding at the beginning and at the end of the year March, 2024:

Particulars	No. of Equity Shares	(Rupees in Lakhs)
Outstanding at the beginning of the year	3,95,16,107	3,951.61
Issued during the year	-	-
Outstanding at the end of the year	3,95,16,107	3,951.61

Reconciliation of Shares outstanding at the beginning and at the end of the year March, 2023:

Particulars	No. of Equity Shares	(Rupees in Lakhs)
Outstanding at the beginning of the year	3,95,16,107	3,951.61
Issued during the year	-	-
Outstanding at the end of the year	3,95,16,107	3,951.61

Reconciliation of Shares outstanding at the beginning and at the end of the year March, 2022:

Particulars	No. of Equity Shares	(Rupees in Lakhs)
Outstanding at the beginning of the year	1,12,50,000	1,125.00
Issued during the year	2,82,66,107	2,826.61
Outstanding at the end of the year	3,95,16,107	3,951.61

Rights and restrictions attached to equity shares:

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

Details of Equity Shares held in the Company by each shareholder holding more than 5% shares:

Name of the Shareholder	As at March 31, 2024		As at March 31,	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Avanti Finance Private Limited	3,95,16,107	100%	3,95,16,107	100%

Details of shares held by promoters at the end of the year March 31, 2024

SL No	Promoter Name	No. of Shares	% of Total shares	% of change during
1	Mr. Ratan N Tata	-	0	0%
2	NRJN Family Trust	-	0	0%

Details of shares held by promoters at the end of the year March 31, 2022

SL No	Promoter Name	No. of Shares	% of Total shares	% of change during
1	Mr. Ratan N Tata	-	0.00%	0%
2	NRJN Family Trust	-	0.00%	0%

Note 14

RESERVES AND SURPLUS	As at March 31, 2024 (Rupees in Lakhs)	As at March 31, 2023 (Rupees in Lakhs)	ba March 31, 2022 (Rupees in Lakhs)
Statutory Reserve Section 45-IC			
Transfer from reserve	14.27		
Closing Balance	14.27		
Balance in Statement of Profit and Loss			
Opening balance	(3,221.86)	(1,192.43)	(742.99)
Add: (Loss) for the year	71.34	(2,029.43)	(396.72)
Transfer from Reserve	(14.27)		
Add: (Loss) opening IND AS adjustments			(52.72)
Closing Balance	(3,164.78)	(3,221.86)	(1,192.43)
Total	(3,150.52)	(3,221.86)	(1,192.43)

PURANIK KANE & CO MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited

Statement of changes in Equity for the year ended March 31, 2024

Note 13

Reconciliation of Shares outstanding

Equity share capital

(Rs. In lakhs)

Particulars	Amount
Equity share of Rs. 10 each fully paid up as at 31 March 2022	3,951.61
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 31 March 2022	**3,951.61**
Changes during the year ended 31 March 2023	-
Equity share of Rs. 10 each fully paid up as at 31 March 2023	3,951.61
Changes in Equity Share Capital due to prior period errors	-
Restated balance at the 31 March 2023	**3,951.61**
Changes during the year ended 31 March 2024	-
Equity share of Rs. 10 each fully paid up as at 31 March 2024	**3,951.61**

b. Other Equity

(Rs. In lakhs)

Particulars	Statutory reserve	Retained Earnings	Total
Balance as at April 01, 2022	-	-1,192.43	3,626.55
Dividends including tax		-	
Transfer to/ from retained earnings			-
Other Additions / Deductions during the year			
Premium received during the year			-
Profit (loss) for the year after income tax		-2,029.43	-2,029.43
Other Comprehensive Income for the year before income tax			
Less: Income Tax			
Balance as at March 31, 2023	-	(3,221.86)	(3,221.86)
Dividends including tax		-	-
Transfer to/ from retained earnings	14.27	(14.27)	-
Other Additions / Deductions during the year			-
Premium received during the year			-
Profit (loss) for the year after income tax		71.34	71.34
Other Comprehensive Income for the year before income tax			-
Less: Income Tax			-
Balance as at March 31, 2024	14.28	(3,164.77)	(3,150.52)

Refer Summary of material accounting policies and accompanying notes which form an integral part of the 1-36 financial statements

In terms of our report attached

For and on behalf of the Board of Directors
Avanti Microfinance Private Limited

Puranik Kane & Co.
Chartered Accountants
Firm No. 120215W

Ashish Ashok Kane
Partner
M. No. 104076
Place: Mumbai

Nagaraj Subrahmanya
Director
DIN: 06906928

Manish Thakkar
Director
DIN: 03233206

Darshil Mehta
Company Secretary
ACS: 61030

Avanti Microfinance Private Limited

Notes forming part or standalone financial statements (continued...)

15: Interest Income

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	On Financial Assets measured at Amortised Cost	Total	On Financial Assets measured at Amortised Cost	Total
Interest on Loans				
Interest income on loan	122.49	122.49	71.01	71.01
Total	**122.49**	**122.49**	**71.01**	**71.01**

16: Other Income

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Other income	-	4.00
Total	**-**	**4.00**

17: Fee and commission Expense

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Commission	32.98	24.54
Total	**32.98**	**24.54**

18: Impairment of financial instruments

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	On Financial instruments measured at Amortised	On Financial instruments measured at Amortised
Impairment on Loans	6.89	-90.79
Bad Debts Written Off	-1.35	61.95
Total	**5.55**	**-28.84**

19: Depreciation, amortization and impairment

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Amortization of Intangible Assets	-	367.83
Total	**-**	**367.83**

20: Other Expenses

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Legal and Professional Expenses	5.88	11.47
Payments to auditors (Refer note below)	4.00	4.00
Membership and Subscription	2.20	1.64
Provision of Loans and Advances (GST inpu	0.04	17.52
Travelling, Conveyance and Food Expenses	-	0.77
Miscellaneous Expenses	0.50	1.25
Total	**12.62**	**36.65**

Break up of payment to auditors

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
As auditor:		
Statutory audit	4.00	4.00
Tax audit		
In any other capacity		
Certification fees		
Out of pocket expenses		
	4.00	**4.00**

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part or standalone financiai statements (continued...)

Note 21
Earning Per Share

Particulars	For the year ended March 31,2024	For the year ended March 31,2023
Loss after tax (in Rupees)	71.34	-2,029.44
Equity Share outstanding as at the year-end	3,95,16,107	3,95,16,107
Weighted average number of Equity shares	3,95,16,107	3,95,16,107
Nominal value per share (in Rupees)	10.00	10.00
Basic and Diluted Eamings Per Share (in Rupees)	0.18	-5.14

Diluted Eamings per share for March 31, 2024 was same as Basic as the effect is antidilutive.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited

Notes forming part or standalone financial statements (continued...)

Note 22

Disclosure as required under RBI Circulars DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 updated on March 21, 2024 on 'Scale Based Regulation (SBR)

(Rupees in Lakhs)

	Particulars	As at March 31, 2024 Amount outstanding	As at March 31, 2024 Amount overdue	As at March 31, 2023 Amount outstanding	As at March 31, 2023 Amount overdue	As at March 31, 2022 Amount outstanding	As at March 31, 2022 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			-	-	-	-
	: Unsecured			-	-	-	-
	(other than falling within the meaning of public deposits*)			-	-	-	-
(b)	Deferred Credits			-	-	-	-
(c)	Term Loans			-	-	-	-
(d)	Inter-corporate loans and borrowing			-	-	-	-
(e)	Commercial Paper			-	-	-	-
(f)	Public Deposits*			-	-	-	-
(g)	Other Loans (Related party)			-	-	-	-
	* Please see Note 1 below			-	-	-	-
(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			-	-	-	-
	* Please see Note 1 below						
	Assets side	Amount outstanding		Amount outstanding		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :			-		-	
(a)	Secured			-		-	
(b)	Unsecured	849.46		979.57		651.51	
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities						
(i)	Lease assets including lease rentals under sundry debtors :			-		-	
	(a) Financial lease			-		-	
	(b) Operating lease			-		-	
(ii)	Stock on hire including hire charges under sundry debtors :			-		-	
	(a) Assets on hire			-		-	
	(b) Repossessed Assets			-		-	
(iii)	Other loans counting towards AFC activities			-		-	
	(a) Loans where assets have been repossessed			-		-	
	(b) Loans other than (a) above			-		-	

Avanti Microfinance Private Limited

Notes forming part or standalone financial statements (continued...)

(5)	Break-up of Investments			
	Current Investments			
	1. Quoted			
	(i) Shares			
	(a) Equity		-	-
	(b) Preference		-	-
	(ii) Debentures and Bonds		-	-
	(iii) Units of mutual funds		-	-
	(iv) Government Securities		-	-
	(v) Others (please specify)		-	-
	2. Unquoted			
	(i) Shares			
	(a) Equity		-	-
	(b) Preference		-	-
	(ii) Debentures and Bonds		-	-
	(iii) Units of mutual funds		-	-
	(iv) Government Securities		-	-
	(v) Others (please specify)		-	-
	Long Term Investments			
	1. Quoted			
	(i) Share			
	(a) Equity		-	-
	(b) Preference		-	-
	(ii) Debentures and Bonds		-	-
	(iii) Units of mutual funds		-	-
	(iv) Government Securities		-	-
	(v) Others (please specify)		-	-
	2. Unquoted			
	(i) Shares			
	(a) Equity		-	-
	(b) Preference		-	-
	(ii) Debentures and Bonds		-	-
	(iii) Units of mutual funds		-	-
	(iv) Government Securities		-	-
	(v) Others (please specify)		-	-

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

Please see Note 2 below

Category	Amount net of provisions March 31, 2024			Amount net of provisions March 31, 2023			Amount net of provisions April 01, 2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties **									
(a) Subsidiaries	-	-	-	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-	-	-	-
2. Other than related parties	-	821.32	821.32	-	658.33	658.33	-	539.48	539.48
Total	-	821.32	821.32	-	658.33	658.33	-	539.48	539.48

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

Please see note 3 below

Category			Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **						
(a) Subsidiaries			-	-	-	-
(b) Companies in the same group			-	-	-	-
(c) Other related parties			-	-	-	-
2. Other than related parties			-	-	-	-
Total			-	-	-	-

** As per Accounting Standard of ICAI (Please see Note 3)

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited

Notes forming part or standalone financial statements (continued...)

(8) Other Information

	Particulars	March 31, 2024 Amount	March 31, 2023 Amount	March 31, 2022 Amount
(i)	Gross Non-Performing Assets			
	(a) Related parties		-	-
	(b) Other than related parties	7.58	-	79.54
(ii)	Net Non-Performing Assets			
	(a) Related parties		-	-
	(b) Other than related parties	2.91	-	13.61
(iii)	Assets acquired in satisfaction of debt		-	-

Notes :

1. As defined in point six of paragraph 3 of Chapter -2 of these Directions.
2. Provisioning norms shall be applicable as prescribed in these Directions.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

(9) Disclosure pursuant to RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

(Rupees 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
Performing asset						
Standard	Stage 1	818.55	21.24	817.31	2.10	19.15
	Stage 2	3.32	1.59	1.74	0.01	1.58
Subtotal						-
						-
Non-Performing asset (NPA)						-
Substandard	Stage 3	7.58	4.67	2.91	3.79	0.88
						-
upto 1 year	Stage 3	-				-
1 to 3 years	Stage 3	-				-
More than 3 years	Stage 3	-				-
Subtotal for doubtful						-
						-
Loss	Stage 3	-				-
Subtotal for NPA						-
Total	Stage 1	818.55	21.24	817.31	2.10	19.15
	Stage 2	3.32	1.59	1.74	0.01	1.58
	Stage 3	7.58	4.67	2.91	3.79	0.88
	Total	849.46	27.50	821.96	5.89	21.61

As per guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Since the impairment allowance under IND AS 109 is higher than the provisioning required under IRACP (including standard asset provisioning), the Company has not created any Impairment Reserve.

(10) Sectoral Exposure

Sectors	March 31, 2024 Total Exposure	March 31, 2024 Gross NPA's	March 31, 2024 % of Gross NPAs to	March 31, 2023 Total Exposure	March 31, 2023 Gross NPA's	March 31, 2023 % of Gross NPAs to
1. Agriculture & Allied Activities	-				-	-
2. Industry						
3. Services						
4. Personal Loans						
- Housing Loans						
- Non-Housing Loans						
Total Personal Loans						
5. Others (Livelihood Loans)	840.46			675.57	-	-

PURANIK KANE & CO. * MUMBAI * CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited *

(11) Disclosure of complaints

Top five grounds of complaints received from customers during the year ended March 31, 2024

Grounds of complaints	Number of complaints	Number of complaints	% increase/ decrease	Number of	Of 5, number of
1	2	3	4	5	6
1. Disbursement	-	-	-	-	-
2. PMAY Subsidy	-	-	-	-	-
3. Fore-closure letter	-	-	-	-	-
4. Application / RoI	-	-	-	-	-
5. Fees and Charges	-	-	-	-	-
6. Loan Documents	-	-	-	-	-
7. Statement Related	-	-	-	-	-
8. Others	-	-	-	-	-
Total	-	-	-	-	-

Top five grounds of complaints received from customers during the year ended March 31, 2023

Grounds of complaints	Number of complaints	Number of complaints	% increase/ decrease	Number of	Of 5, number of
1	2	3	4	5	6
1. Disbursement	-	-	-	-	-
2. PMAY Subsidy	-	-	-	-	-
3. Fore-closure letter	-	-	-	-	-
4. Application / RoI	-	-	-	-	-
5. Fees and Charges	-	-	-	-	-
6. Loan Documents	-	-	-	-	-
7. Statement Related	-	-	-	-	-
8. Others	-	-	-	-	-
Total	-	-	-	-	-

(12) Public disclosure on liquidity risk

a. Funding Concentration based on significant counterparty (borrowings)

Not applicable since the Company does not have any borrowing

b. Top 10 borrowings (amount in Rupees and % of total borrowings)

Not applicable since the Company does not have any borrowing

c. Stock ratios

	Name of the instrument	As at 31 March 2024	As at 31 March 2023
1	Short Term NCD (original maturity upto 1year)/Total Assets	NA	NA
2	Short Term NCD (original maturity upto 1year)/Total External Liabilities	NA	NA
3	Commercial Papers/Total Assets	NA	NA
4	Commercial Papers/Total external liabilities	NA	NA
5	Long Term Assets/ Total Assets	12.88%	14.12%
6	Short Term Liabilities/Total External Liabilities	100.00%	100.00%
7	Other Short Term Liabilities/Total Assets	3.41%	2.74%

13 Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at	As at
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Nil	Nil
(v) The fair value of the swap book	Nil	Nil

b. Exchange Traded Interest Rate (IR) Derivative

Particular	As at	As at
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year ended	Nil	Nil
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on year ended	Nil	Nil
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(i) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

Avanti Microfinance Private Limited

Notes forming part or standalone financial statements (continued...)

c. Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing derivative cover to third parties.

d. Qualitative Disclosure

(i) All hedging activities,if any are carried out by Centralised treasury department possessing the appropriate skills, experience and supervision. The Company's activities expose it to the financial risks of changes in foreign

(ii) The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Treasury and Risk function is authorised to elect appropriate derivative instrument.

b) The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing:

c) Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled and reported to ALCO.

d) The Company has a hedging policy in place which mandates to have a hedge relation established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously

e) The Company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts valuation of outstanding contracts provisioning and credit risk

e. Quantitative Disclosure

Particulars	As at 31 March 2024 (₹ lakhs)		As at 31 March 2023 (₹ lakhs)	
	Currency derivative	Interest rate	Currency derivative	Interest rate
Derivatives (Notional Principal Amount) for hedging	Nil	Nil	Nil	Nil
Marked to Market Positions				
a) Asset (+)	Nil	Nil	Nil	Nil
b) Liability (-)	Nil	Nil	Nil	Nil
Credit Exposure	Nil	Nil	Nil	Nil
Unhedged Exposures	Nil	Nil	Nil	Nil

14 **Investments**

The Company does not have any investments

15 **Securitisation and Assignment**

The Company has not sold or transferred any Loan asset during the Year

16 **Ratings assigned by credit rating agencies and migration of ratings during the year**

The Company has not undertaken any ratings.

17 **Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit & Loss Account**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	For the year ended 31 March 2024 (₹ lakhs)	For the year ended 31 March 2023 (₹ lakhs)
Provision towards NPA portfolio loans	4.67	-0.00
Provision for Standard Assets	22.83	21.24

18 **Movement of NPAs and Provision**

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Net NPAs to Net Advances (%)	0.35%	0.00%
Movement of Gross NPAs		
(a) Opening Balance	(0.00)	79.54
(b) additions during the year	6.24	-
(c) Reductions during the Year	1.35	(79.55)
(d) Closing Balance	7.58	(0.00)
Movement of provisions for NPAs		
(a) Opening Balance	(0.00)	65.93
(b) Provisions made during the year	4.68	-
(c) Write off / Write back of excess provisions	-	(65.93)
(d) Closing Balance	4.67	(0.00)
Movement of Net NPAs		
(a) Opening Balance	(0.00)	13.61
(b) additions during the year	1.56	-
(c) Reductions during the Year	1.35	(13.62)
(d) Closing Balance	2.91	(0.00)

PURANIK KANE & CO. * MUMBAI * CHARTERED ACCOUNTANTS

Avanti Finance Private Limited

Avanti Microfinance Private Limited

Notes forming part or standalone financial statements (continued...)

19 **Intra-Group Exposure**

Particulars	As at 31 March 2024 (₹ lakhs)	As at 31 March 2023 (₹ lakhs)
(i) Total amount of intra-group exposures (ii) Total amount of Top 20 intra-group exposures (iii) Percentage of intra-group exposures to total exposures of the NBFC on borrowers/customers	NIL	NIL

20 **Unhedged foreign currency exposure**

a) The Company has no unhedged foreign currency exposure on March 31, 2024. Previous year (NIL)

21 **Corporate Governance**

Disclosure in relation to corporate goverance are disclosed in the corporate goverence section in accordance with SEBI (LODR) Regulation 2015 as amended from time to time.

22 **Breach of covenant**

The Company has not availed any borrowing or debt securities, Hence there is no covenant compliance required.

23 **Divergence in Asset Classification and Provisioning**

There is no divergence assessed by RBI during the years ended 31 March 2024 and 31 March 2023.

PURANIK KANE & CO ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited ★

Avanti Microfinance Private Limited

Notes forming part of financial statements (Continued.....)

Note 23

Related Party Transactions

(i) List of related parties and nature of relationship:

Name of related parties	Nature of relationship
Mr. Rahul Gupta	Director
Mr. Manish Thakkar	Director
Mr. Nagaraj Subramaniyam	Director
NRJN Family Trust	Investing Party (upto July 30, 2021)
Avanti Finance Private Limited (AFPL)	Holding Company from July 30, 2021

Note: Related parties have been identified by the management and relied upon by auditors.

(ii) Details of related party transactions during the year are given below:-

Particulars	For the year ended March 31,2024 (Rupees in Lakhs)	For the year ended March 31,2023 (Rupees in Lakhs)	For the year ended March 31,2022 (Rupees in Lakhs)
Issue of share capital-NRJN Family trust	-	-	326.61
Issue of share capital (AFPL)	-	-	2,500.00
Assignment of Loan portfolio from (AFPL)	165.47	263.50	936.12
Amounts received from AFPL for assigned Loan	379.39	751.49	399.52
Service fee for the assigned Loan	8.56	26.83	16.47
Gurantee provided to Catalyst Trusteeship Limited towards issue of Non convertible debentures for (AFPL)	-	-	10,000.00

(iii) Related Party Closing balances

Particulars	As at March 31,2023 (Rupees in Lakhs)	As at March 31,2023 (Rupees in Lakhs)	As at March 31,2022 (Rupees in Lakhs)
Collections receivable from assignor (AFPL)	0.00	77.85	186.68
Amounts Payable to AFPL	0.59	8.53	4.26

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited
Notes forming part of financial statements (Continued.....)

24: Capital

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

Disclosures as required under RBI Circulars DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 updated on March 21, 2024 on 'Scale Based Regulation (SBR).

(Rupees in Lakhs)

Regulatory capital	**March 31, 2024**	**March 31, 2023**
Common Equity Tier1 capital	801.09	729.75
Other Tier 2 capital instruments	-	-
Total capital	**801.09**	**729.75**
Risk weighted assets	**849.46**	**736.18**
Tier I capital ratio	94.31%	99.13%
Tier II capital ratio	-	-
Total capital ratio	94.31%	99.13%

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

25 **Financial risk management**
Risk management framework

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company places emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board of Directors of the Company (BOD) along with the management are primarily responsible for Financial Risk Management of the Company. The BOD's oversight of risk includes review and approval of key risk strategies and policies. These are monitored and governed through the Risk Management Committee (RMC). Audit Committee (AC) ensures that an independent assurance is provided to the BOD.
The RMC controls and manages an inherent risks related to the Company's activities by the following risk categories:
i. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to the financial instrument fails to meet its contractual obligation, and arises principally from the cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables and financial assets measured at amortised cost.

The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The RMC reviews and approves Loan Product programs on an on-going basis. Key aspects of the product programs outline the framework of any credit financial product being offered by the Company. Within this established framework, credit policies are established to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, credit appraisal, verification, documentation, disbursement and collection / recovery procedures.
Product level credit risk policies are implemented to align all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.
The Company has additionally taken the following measures:-

- Credit risk team is appointed to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.
- Enhanced monitoring of portfolio through periodic reviews.
- Periodic trainings to its credit officers

Credit approval
The Board of Directors has delegated credit approval authority to the Company's Credit Committee under the Company's Credit Policy. The credit team/operations team monitors compliance with the terms and conditions of credit facilities prior to disbursement. It also reviews the completeness of documentation and creation of security by the borrower.

Credit underwriting
The Company's credit team evaluate credit proposals on the basis of credit underwriting policies and procedures approved by the management. The criteria typically include factors such as the customer eligibility, income and debt obligation assessment, nature of the product, customer scorecards wherever applicable, historical experience and demographic parameters. Any deviations need to be approved at the designated levels.The company offers to add on funding to existing borrowers basis credit performance governed through credit approvals and approved policy.

External agencies such as field investigation agencies facilitate a due diligence process including visits to offices and residences.

Analysis of inputs to the ECL model under multiple economic scenarios
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

Cash shortfalls are identified as follows.

- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

The Company records allowance for expected credit losses for cash and cash equivalents, bank balance, investment, trade and other receivables, loans and advances together with loan commitments and other financial assets measured at amortised cost, collectively named as 'financial assets at amortised cost'.

The Company performs a collective assessment on a homogeneous pool of outstanding loans grouped on the basis of shared risk characteristic based on the type of products sliced down to geography as part of the impairment analysis.

For estimation of ECL, the entire portfolio is broadly partitioned into products like Retail Loans.

The Company follows the expected credit loss (ECL) methodology based on historically available information and projection of macroeconomic indicators in order to determine the impairment allowance required against different categories / pool of loan accounts.

All defining parameters (PD, LGD, EL Adjustment factor) are estimated on a yearly frequency. However, required changes may be done more frequently in case of change in market condition, portfolio changes and other scenarios.

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 its initial recognition.

PURANIK KANE & CO. CHARTERED ACCOUNTANTS MUMBAI

Avanti Microfinance Private Limited

Definition of Default

As per the Company's policy, all assets are classified into stage 1, stage 2 and stage 3. Assets up to 29 DPD (days past due) are classified as stage 1 assets. Assets with DPD of 30 days up to 89 days are classified as stage 2 assets and assets with DPD greater than 90 days are classified as stage 3 assets. The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of qualitative assessment, of whether the customer is in default, the company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as stage 3 for ECL calculations, following are such instances:

- If the customer has requested restructuring in repayment terms, such restructured, rescheduled or renegotiated accounts
- A stage 3 customer having other loans which are in stage 1 or stage 2
- cases where company suspects fraud and legal proceedings are initiated.

The Company continues to recognize interest income during the moratorium period. As per assessment done by the Company and in the absence of other customer related credit risk indicators, the granting of moratorium period does not result in automatically triggering of significant increase in credit risk criteria of Ind AS 109.

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments are subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk since initial recognition when contractual payments are more than 29 days past due. The Company also applies a qualitative method for triggering a significant increase in credit risk for an asset. This will be the case for exposure that meets certain heighted risk criteria, such as political situations and exceptions to normal economic scenarios. Such factors are based on its expert judgement and relevant historical experiences. Significant increase in Credit risk has also been recognised for borrowers to whom One Time Restructuring has been granted on account of Covid-19, and LTECL has been computed for such borrowers.

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

The Company collects performance and default information about its credit risk exposures analysed by Product. The Company employs statistical models of flow analysis and marginal default rate technique to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Exposure at Default (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 repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest whether due or not.

The Loss Given Default (LGD) 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. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. It is usually expressed as a percentage of the EAD.

The Company collects a list of all the defaulters and tracked from the first time they become non-performing asset ("Stage 3"). The Company calculates the LGD based on the present value of month on month recovery post default for Stage 1 and 2 and takes into account of the Stage 3 recovery and present value of the actual Stage 3.

Forward Looking Information

While estimating the expected credit losses, the Company arrives at forward-looking PD estimates through the incorporation of forward-looking macro-economic factors. The various macro-economic factors considered are Gross Domestic Product (% real change), Consumer Price Index Change (%), Lending Interest Rate (%), Private consumption (% real change), Manufacturing (% real change), Industrial production (% change), Recorded unemployment (%). Product-wise selection of macro-economic factors is done basis the best fitting of the macro indicators with the historical loss trends also taking into account management views, if any, on the drivers of the portfolio. Apart from considering the base case of the macro outlook, two more scenarios an optimistic and pessimistic views of the outlook are also evaluated taking into account the external market conditions. Appropriate weightage is assigned to each of the scenarios to arrive at the final estimates. Presently, a higher deterioration of the base macro outlook is done to arrive at the pessimistic view and also its weightage has been increased vis-a-vis pre-Covid levels in view of external conditions. 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 occasionally made as temporary adjustments when such differences are significantly material.

Reconciliation of ECL balances in given below :

Particulars	As at 31 March 2024 (₹ lakhs)				As at 31 March 2023 (₹ lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	20.00	1.24	(0.00)	21.24	34.53	11.58	65.93	112.03
New assets originated or purchased	23.41	0.23	-	23.65	39.72	0.19		39.90
Assets derecognised or repaid	(17.89)	(1.17)	-	(19.06)	(31.48)	(11.53)	(14.41)	(57.41)
Net transfers to/from Stage 1	(0.29)	0.09	0.20	-	(0.14)	0.14		-
Net transfers to/from Stage 2	0.06	(0.06)	-	-	0.04	(0.04)		-
Net transfers to/from Stage 3	-	-	-	-	0.18	-	(0.18)	-
Remeasurement of ECL	(4.05)	1.26	4.47	1.68	(22.85)	0.91		(21.94)
Amounts written off	-	-	-	-	-	-	(51.35)	(51.35)
ECL allowance - closing balance	21.24	1.59	4.67	27.50	20.00	1.24	(0.00)	21.24

Credit Quality

The Company has classified portfolio loans as financial assets at amortized cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates lifetime PD (Stage 1, Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

MUMBAI
CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Accordingly, the Company analysis exposure to credit risk on the basis of vintage experience across its products. The Company categorizes its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Accordingly, the Company analysis exposure to credit risk on the basis of vintage experience across its products. The Company categorizes its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Particulars	As at 31 March 2024 (₹ lakhs)				As at 31 March 2023 (₹ lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	676.93	2.64	(0.00)	679.57	548.11	23.86	79.54	651.51
New assets originated or purchased	722.96	0.50	-	723.45	630.50	0.38	-	630.88
Assets derecognised/repaid/ recovery	(552.41)	(2.50)	-	(554.91)	(499.73)	(23.77)	(17.38)	(540.67)
Net transfers to/from Stage 1	(9.06)	2.82	6.24	-	(2.25)	2.25		-
Net transfers to/from Stage 2	0.14	(0.14)		-	0.09	(0.09)		-
Net transfers to/from Stage 3			-	-	0.22		(0.22)	-
Amounts written off			1.35	1.35			(61.95)	(61.95)
Closing balance	838.55	3.32	7.58	849.46	676.93	2.64	(0.00)	679.57

Trade receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Company creates ECL on trade receivable balances in line with board's approved provisioning policy.

Cash and cash equivalents, other bank balance and other financial assets

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after taking into account parameters like safety, liquidity and post tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

While exposure with respect to security deposit and advance given for business purpose is spread across and carry low credit exposure as the Company has possession of rental premises and other with whom the Company has worked with for a number of years.

Write off policy

The Company has laid down explicit policies on loan write-offs to deal with assets which are impaired due to customer's inability to repay the loan.

Analysis of risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Since the Company provides only retail loans, there is not significant concentration risk at the borrower / counterparty level.

Stress testing of portfolio

The Company evaluates potentially adverse scenarios that may impact the business or portfolio performance. Annual stress test exercise covering the entire portfolio is performed to assess vulnerability of the business extreme scenarios to possible extreme scenarios and effectiveness of management actions. The assessed impact is incorporated into risk appetite of the Company to ensure regulatory compliance.

Exposure to credit risk

The carrying amount of financial assets represents the maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of all financials assets except cash in hand and investment in government securities.

Particular	As at 31 March 2024 (₹ lakhs)	As at 31 March 2023 (₹ lakhs)
Maximum exposure to credit risk	849.46	679.57

ii. Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

1. Lender diversification demonstrated by an increase in lenders, across instruments (bank finance, bonds, money market instruments, sell down of loan portfolio of loan portfolio) and liquidity pools (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors)
2. Matching of asset and liability tenor
3. Maintenance of adequate liquidity buffer as per internal policy
4. Structural liquidity mismatch

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Tools to manage Liquidity Risk

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Projected rolling cash flow for the next 6 months is prepared which provides a gap analysis of expected cash inflow and outflow on a given date. Treasury is responsible to prepare a suitable funding plan based on the cash flow.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored on a monthly basis to ensure these are within the policy limits.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due.

Analysis of financial liabilities by remaining contractual maturities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for

As at 31 March 2024 (₹ in lakhs)	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	26.43	26.43			26.43
Other financial liabilities (excluding lease liabilities)	-				-

As at 31 March 2023 (₹ in lakhs)	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	17.26	17.26			17.26
Other financial liabilities (excluding lease liabilities)	-				-

iii. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

iv. Foreign Currency Risk

The Company does not have foreign currency denominated assets and liabilities. Accordingly, there is no significant exposure to currency risk.

v. Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables such as interest rates and credit spreads whether caused by factors specific to an individual investment, its issuer and market. The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

26 Fair value management

a. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at reporting date :

Particular	As at 31 March 2024 (₹ lakhs)	As at 31 March 2023 (₹ lakhs)	As at 31 March 2022 (₹ lakhs)
	Amortised Cost	Amortised Cost	Amortised Cost
Financial assets:			
Cash and cash equivalent	8.01	12.88	542.33
Bank balances other than cash and cash equivalent	-	-	
Loans and advances	821.32	658.33	539.48
Other financial assets	-	77.85	186.68
Total financial assets	829.33	749.06	1,268.49
Financial liabilities:			
Trade payables	26.43	17.26	301.34
Other financial liabilities	-	-	-
Total financial liabilities	26.43	17.26	301.34

b. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

The hierarchy used is as follows :

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Valuation techniques used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries), derivative financial instruments, etc. at fair value.

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

The finance department of the Company includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. Discussions on valuation processes and results are held between the valuation team and the senior management at least once in every year which is in line with the Company's yearly reporting periods.

Fair value of financial instruments not measured at fair value

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

(Rs. in Lakhs)

Particulars	Level	Carrying Value			Fair Value		
		Mar-24	Mar-23	Apr-22	Mar-24	Mar-23	Apr-22
Financial assets measured at Amortised cost							
Cash and cash equivalents	1	8.01	12.88	542.33	8.01	12.88	542.33
Bank Balance other than above	1	-	-	-	-	-	-
Loans	3	821.32	658.33	539.48	821.32	658.33	539.48
Other Financial assets	3	-	77.85	186.68	-	77.85	186.68
Total financial assets		**829.33**	**749.06**	**1,268.49**	**829.33**	**749.06**	**1,268.49**
Financial Liabilities measured at amortised cost							
Trade Payable	3	26.43	17.26	301.34	26.43	17.26	301.34
Other Financial liabilities	3	-	-	-	-	-	-
Financial Liabilities		**26.43**	**17.26**	**301.34**	**26.43**	**17.26**	**301.34**

There have been no transfers between the level 1 and level 2 during the period.

27 Maturity Analysis of Assets and Liabilities

Particulars	As at 31 March 2024 (₹ lakhs)			As at 31 March 2023 (₹ lakhs)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	8.01	-	8.01	12.88	-	12.88
Bank balance other than cash and cash equivalents	-		-	-		-
Trade Receivables	-		-	-		-
Loans	714.51	106.81	821.32	552.38	105.95	658.33
Other financial assets	-		-	77.85		77.85
			-	-		-
Non Financial assets			-	-		-
Intangible assets	-		-	-		-
Other non-financial assets	-		-	1.22		1.22
Total Assets	**722.53**	**106.81**	**829.33**	**644.33**	**105.95**	**750.28**
Financial liabilities						
(ii) Total outstanding dues of creditors other than micro & small enterprises	26.43	-	26.43	17.26	-	17.26
Non-Financial liabilities						
Other non-financial liabilities	1.80	-	1.80	3.27	-	3.27
Equity						
Equity share capital	-	3,951.61	3,951.61	-	3,951.61	3,951.61
Other equity	-	-3,150.52	-3,150.52	-	-3,221.86	-3,221.86
Total liabilities	**28.24**	**801.09**	**828.33**	**20.53**	**729.75**	**750.28**

* Loans and advance are classified basis behavioral pattern and management estimation of future inflows and outflows which have been relied by auditors.

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Avanti Microfinance Private Limited

Notes forming part of financial statements (Continued.....)

Note 28 Capital commitment and Contingent Liability

(a) **Capital commitment:** Commitment towards contracts remaining to be executed on capital accounts as at March 31, 2024 is Rs. Nil (P.Y. Rs.Nil).

(b) **Contingent liabilities:**

i) Claims against Company not acknowledged as debts as at March 31, 2024 is Rs. Nil (P.Y. Rs.Nil).

Note 29 Micro and Small Enterprises

The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) by obtaining confirmations from all suppliers. Based on the information received by the Company, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly the disclosure relating to amount unpaid as at the year ended together with interest paid/payable is disclosed below:

(Rupees in Lakhs)

Particular	As at March 31, 2024	As at March 31, 2023
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro small and Medium Enterprise Development Act, 2006.	-	-

Note 30

Additional Regulatory Information under MCA Notification dated March 24, 2021

a. Details of Benami Property held: There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder

b. Additional information where borrowings are from banks or financial institutions:
The Company has not availed any borrowings from banks or financial institutions.

c. Wilful Defaulter: The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

d. Relationship with Struck off Companies : During the year, the Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

e. Registration of charges or satisfaction with Registrar of Companies (ROC): In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period.

f. Compliance with number of layers of companies: The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

g. Ratios:

Particular	31 March 2024	31 March 2023
Capital to risk-weighted assets ratio (CRAR)	94.31%	99.13%
Tier I CRAR (%)	94.31%	99.13%
Tier II CRAR (%)	-	-

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

Avanti Microfinance Private Limited

Note 31 Segment Disclosure

The Company operates as a Non-Banking Finance Company, to carry on the business of microfinance facilty by catering to the credit requirements of the under-served and un-served segments of the population in India, providing finance in terms of short / medium term loans, working capital finance or other debt related services to the economically poor individuals.
These in the context of Accounting Standard 17on Segment Reporting, are considered to constitute one single primary segment.
Further, business of the Company is within India, hence, there is no geographical segment. Accordingly disclosure of information as per AS-17 is not required.

Note 32 Deputation cost

The Company ('the assignee') has entered into loan assignment agreement for a consideration of Rs. 165.46 Lakhs during the year . Accordingly, a total loan portfolio of 1270 loans have been transferred during the year by Avanti Finance Private Limited to the Company. The company has earned aggregate interest income of Rs. 24.92 Lakhs on all Loans assigned till March 31, 2024

On the payment of the purchase consideration by the Assignee, the assignor sells, transfers, assigns and conveys, to the assignee and the assignee acquires the receivables from the assigned assets together with all rights, title and interest therein such that the assignee will hereafter be deemed to be the legal owner of the assigned assets except the rights that are personal in nature or which form a part of the retained share as required by extant RBI regulations. The assignee assumes all responsibilities and liabilities of the assignor with respect to or in connection with assigned assets, under or pursuant to the underlying documents. The underlying documents are continuing in the name of the assignor. The assignor will only be an agent for the purposes of managing, collecting, and receiving payment of the receivables from the assigned assets for which the assignor will get service fees.

Note 33 Deputation cost

Avanti Finance Private Limited has deputed an employee for a term of 12 months. As per the terms of the Deputation Arrangement, the remuneration is being paid by the company.

Note 34

The Company is consecutively incurring losses from past two years, hence there is no liability towards CSR activities as specified under Section 135 of the Companies Act, 2013.

Note 35

The Company is registered as Micro Finance company, accordingly it needs to comply with Qualifying Assets Criteria, ratio of financial assets to total assets and capital adequacy criteria. As at March 31, 2022 the Company had not complied with the respective RBI Regulations.

The Company is in compliance with all the requirements as on March 31, 2023 and as on March 31, 2024

Note 36

The figures of the previous year have been regrouped / restated wherever necessary to correspond with those of the current year.

Signature to Notes 1 to 36

In terms of our report attached

Puranik Kane & Co.
Chartered Accountants
Firm No. 120215W

Ashish Ashok Kane
Partner
M. No. 104076
Place: Mumbai

PURANIK KANE & CO. MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Nagaraj Subrahmanya
Director
DIN: 06906928

Manish Thakkar
Director
DIN: 03233206

Darshil Mehta
Company Secretary
ACS: 61030