

INDEPENDENT AUDITOR'S REPORT

To the Members of Aavas Finserv Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Aavas Finserv Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

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

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

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

Responsibility of Management for the Standalone Ind AS Financial Statements

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

and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership Number: 121411

UDIN: 21121411AAAADH3725

Place of Signature: Mumbai

Date: April 29, 2021

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The Company does not have any immovable property, accordingly the provisions of this clause are not applicable to the Company and hence not commented upon.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, value added tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to duty of excise and sales-tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the company has not raised money by way of public offers/ further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to company hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

5

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership Number: 121411

UDIN: 21121411AAAADH3725

Place of Signature: Mumbai

Date: April 29, 2021

Annexure 2 referred in paragraph 2(f) under the heading "Report on other legal and regulatory requirements of our report of even date"

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

We have audited the internal financial controls over financial reporting of Aavas Finserv Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership Number: 121411

Place of Signature: Mumbai

Date: April 29, 2021

AAVAS FINSERV LIMITED
Balance Sheet as at March 31,2021

(In INR)			
Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	41,922	113,796
Other financial assets	3	48,000	48,000
Deffered Tax Assets (Net)	12	2,308,023	310,216
Total Non-current assets		2,397,945	472,012
Current assets			
Cash and cash equivalents	4	42,068,762	46,698,886
Other financial assets	3	186,014	52,340
Current tax assets (net)		161,053	521,022
Other current assets	5	92,433	71,598
Total Current assets		42,508,261	47,343,846
TOTAL ASSETS		44,906,206	47,815,858
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	45,000,000	45,000,000
Other equity	7	(5,945,652)	(185,271)
Total Equity		39,054,348	44,814,729
Liabilities			
Current liabilities			
Trade Payables	8		
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		5,602,773	2,755,539
Other current liabilities	9	249,085	245,590
Total Liabilities		5,851,858	3,001,129
TOTAL EQUITY AND LIABILITIES		44,906,206	47,815,858
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411

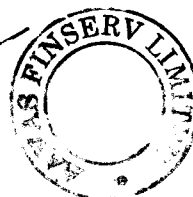


Place: Mumbai
Date: April 29,2021

For and on behalf of the Board of Directors of
AAVAS FINSERV LIMITED

Nishant Sharma
(Chairperson)

Sachinderpalsingh Jitendrasingh Bhinder
(Whole Time Director and CEO)



AAVAS FINSERV LIMITED
Statement of profit and loss for the year ended March 31,2021

(In INR)

Particulars	Notes	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Other Income	10	1,852,124	2,516,422
Total Income		1,852,124	2,516,422
Expenses			
Employee benefit expenses	11	9,153,811	3,333,850
Audit Fees		109,000	112,050
Legal and Professional charges		275,627	106,409
Depreciation, amortization and impairment	2	71,874	13,766
Other expenses		-	53,845
Total Expenses		9,610,312	3,619,920
Profit/(loss) before tax		(7,758,188)	(1,103,498)
Tax Expense:	12		
(1) Current Tax		-	-
(2) Deferred Tax		(1,997,807)	(310,216)
Profit/(loss) for the year		(5,760,381)	(793,282)
Other Comprehensive Income			
a) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		-	-
Income Tax Effect		-	-
b) Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income , net of income tax		-	-
Total Comprehensive Income for the year		(5,760,381)	(793,282)
Earnings per equity share	13		
Basic (INR)		(1.28)	(0.18)
Diluted (INR)		(1.28)	(0.18)
Nominal value per share (INR)		10.00	10.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411



Place: Mumbai
Date: April 29,2021

For and on behalf of the Board of Directors of
AAVAS FINSERV LIMITED

Nishant Sharma
(Chairperson)

Sachinderpalsingh Jitendrasingh Bhinder
(Whole Time Director and CEO)



Nishant Sharma
Sachinderpalsingh Jitendrasingh Bhinder

AAVAS FINSERV LIMITED
Cash flow statement for the period ended March 31, 2021

(In INR)			
Particulars	Notes	For the Year ended March 31, 2021	For the Year ended March 31, 2020
A Cash flow from operating activities:			
Net profit/(loss) before tax as per statement of profit and loss		(7,758,188)	(1,103,498)
Adjustments for			
Interest on Fixed Deposit		(1,822,326)	(2,516,422)
Depreciation, amortization and impairment		71,874	13,766
Operating profit before working capital changes		(9,508,640)	(3,606,154)
Changes in working capital			
(increase) in Other current assets		(20,835)	(41,088)
increase in Other current liabilities		3,496	231,690
increase in Trade Payables		2,847,234	1,221,443
Refund Received/(Direct Tax Paid)(net)		359,969	(237,536)
Net cash flow from operating activities (A)		(6,318,776)	(2,431,645)
B Cash flow from investing activities:			
Inflow (outflow) on account of :			
Interest Received on Fixed Deposit		1,688,652	2,581,309
Maturity of Fixed Deposit		3,000,000	-
Purchase of Property, plant and equipment		-	(127,562)
Net cash flow (used in) investing activities (B)		4,688,652	2,453,747
C Cash flow from financing activities:			
Issue of equity shares		-	-
Net Cash flow from financing activities (C)		-	-
Net (decrease)/increase in cash and cash equivalents (A+B+C)		(1,630,124)	22,102
Cash and cash equivalents as at the beginning of the year		3,698,886	3,676,784
Cash and cash equivalents at the end of the year	4	2,068,762	3,698,886
Components of cash and cash equivalents			
Cash on hand		-	-
Balance with banks			
In current accounts		2,068,762	3,698,886
In deposit account		-	-
Total cash and cash equivalents	4	2,068,762	3,698,886
Summary of significant accounting policies	1		


Note:-

- Cash flow statement has been prepared under indirect method as set out in the Ind AS 7 "Cash Flow Statement".
- Previous year figures have been regrouped/ reclassified wherever applicable.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty
per Sarvesh Warty
Partner
Membership No. 121411




Place: Mumbai
Date: April 29, 2021

For and on behalf of the Board of Directors of
AAVAS FINSERV LIMITED

Nishant Sharma
Nishant Sharma
(Chairperson)

Sachinderpalsingh Jitendrasingh Bhinder
Sachinderpalsingh Jitendrasingh Bhinder
(Whole Time Director and CEO)



AAVAS FINSERV LIMITED
Statement of Changes in Equity for the period ended March 31,2021

(In INR)

a. Equity Share Capital

Particulars	Amount
Balance as at March 31, 2019	45,000,000
Shares issued during the period ended March 31,2020	-
Balance as at March 31, 2020	45,000,000
Shares issued during the period ended March 31,2021	-
Balance as at March 31,2021	45,000,000

b. Other Equity

Equity Component of compounded financial instruments	Retained earnings	Total
Balance as at March 31, 2019	608,011	608,011
		-
Profit for the year (A)	(793,282)	(793,282)
Other Comprehensive Income for the year (B)	-	-
Total Comprehensive Income for the year (A+B)	(185,271)	(185,271)
Balance as at March 31, 2020	(185,271)	(185,271)
Profit for the year (A)	(5,760,381)	(5,760,381)
Other Comprehensive Income for the year (B)	-	-
Total Comprehensive Income for the year (A+B)	(5,760,381)	(5,760,381)
Balance as at March 31,2021	(5,945,652)	(5,945,652)

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI Firm Registration No. 101049W/E300004

Chartered Accountants

Sarvesh Warty

per Sarvesh Warty

Partner

Membership No. 121411



Place: Mumbai

Date: April 29,2021

**For and on behalf of the Board of Directors of
AAVAS FINSERV LIMITED**

Nishant Sharma

Nishant Sharma

(Chairperson)

Sachinderpalsingh Jitendrasingh Bhinder

Sachinderpalsingh Jitendrasingh Bhinder

(Whole Time Director and CEO)



AAVAS FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31,2021

A. Corporate information

AAVAS FINSERV LIMITED ("the company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The company has been incorporated on November 30, 2017 to carry on the business of financing by way of lending/hire-purchase and to provide on lease, sub-lease or on hire, including but not limited to, all type of vehicles, automobiles, industrial plant and machinery, office equipment, movable and immovable assets, building, real estate, household and domestic appliances and equipment, furniture, fixtures, finishing items and all type of machinery, etc. The company has neither obtained Certificate of Registration from Reserve Bank of India nor has commenced any business activity during the period ending March 31, 2021.

B. Basis of preparation

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

1 Summary of significant accounting policies

1.1 Use of estimates

The preparation of Standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. 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 years.

1.2 Cash and cash equivalent

Cash and cash equivalent comprise of cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and stamping/franking balance.

1.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income from fixed deposit:

Revenue from interest on bank deposits and investments are recognised on accrual basis.

1.4 Property, plant and equipment

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

1.5 Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act 2013 and depreciation rates have been worked out by applying written down value method. The Company has used the following useful lives to provide depreciation on its PPE.

Fixed assets	Useful Life (WDV) (In Years)
Computers and printers	3
Furniture and fixtures	10
Office equipment	5

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/upto the date of acquisition/sale.

Gain or loss arising from sale of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets disposed, and are recognised in the statement of profit and loss in the period when the asset is sold.



AAVAS FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31,2021

1.6 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

1.7 Provision for Taxation

Tax expense comprises current and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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.

Deferred tax

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

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

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

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

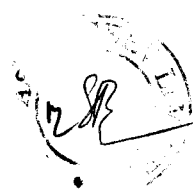
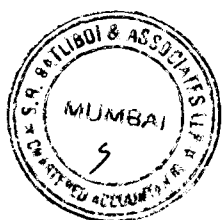
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

1.8 Provision and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



AAVAS FINSERV LIMITED

Notes to the Financial Statements for the period ended March 31,2021

1.9 Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

1.10 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of 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 period are adjusted for the effects of all dilutive potential equity shares.

1.11 New Technical Pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2021.



AAVAS FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31,2021

2 Property, plant and equipment			(In INR)
	Computers and Printers	Total	
Cost			
At March 31, 2019	-	-	
Purchase	127,562	127,562	
Disposals	-	-	
At March 31, 2020	127,562	127,562	
Purchase	-	-	
Disposals	-	-	
At March 31, 2021	127,562	127,562	
Depreciation			
At March 31, 2019	-	-	
Charge for the year	13766	13766	
Disposals	-	-	
At March 31, 2020	13,766	13,766	
Charge for the year	71,874	71,874	
Disposals	-	-	
At March 31, 2021	85,640	85,640	
Net Block			
At March 31, 2020	113,796	113,796	
At March 31, 2021	41,922	41,922	

3 Other financial assets				
Particulars	As at March 31, 2021		As at March 31,2020	
	Non-current	Current	Non-current	Current
Interest accrued on Bank Deposits	-	186,014	-	52,340
Security Deposit	48,000	-	48,000	-
Total	48,000	186,014	48,000	52,340

4 Cash and cash equivalents			
Particulars	As at March 31, 2021	As at March 31,2020	
Cash and cash equivalents			
Cash on hand	-	-	
Balance with banks			
In Current accounts	2,068,762	3,698,886	
In Deposits with original maturity of less than three months	-	-	
	2,068,762	3,698,886	
Bank balances other than above			
Deposit with original maturity of more than 12 months	-	-	
Deposit with original maturity of more than 3 months less than 12 months	40,000,000	43,000,000	
	40,000,000	43,000,000	
Total	42,068,762	46,698,886	

5 Other current assets			
	As at March 31, 2021	As at March 31,2020	
GST Input	92,433	60,978	
Advance recoverable	-	10,620	
Total	92,433	71,598	



28

AAVAS FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31,2021

6 Share Capital

Details of Authorized, Issued, Subscribed and Paid up Share Capital		(In INR)
Particulars	As at March 31, 2021	As at March 31, 2020
<u>Authorized share Capital</u>		
45,00,000 Equity Shares of Rs. 10/- each	45,000,000	45,000,000
	<u>45,000,000</u>	<u>45,000,000</u>
<u>Issued Subscribed & Paid up Capital</u>		
<u>Issued and Subscribed Capital</u>		
45,00,000 Equity Shares of Rs. 10/- each		
Total Issued Share Capital	45,000,000	45,000,000
<u>Called-Up and Paid Up Capital</u>		
<u>Fully Paid-Up</u>		
45,00,000 Equity Shares of Rs 10/- each	45,000,000	45,000,000
Total	45,000,000	45,000,000

(i) The Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Equity Share at the beginning of the period	4,500,000	45,000,000	4,500,000	45,000,000
Add: Shares issued during the period	-	-	-	-
Equity Share at the end of the period	4,500,000	45,000,000	4,500,000	45,000,000

(ii) Shares held by holding Company

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Aavas Financiers Limited	4,500,000	100%	4,500,000	100%
	4,500,000	100%	4,500,000	100%

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

(iii) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Aavas Financiers Limited	4,500,000	100%	4,500,000	100%
	4,500,000	100%	4,500,000	100%

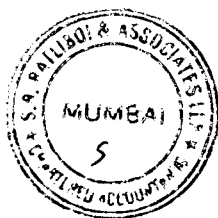
As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(iv) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

7 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Retained earnings	(5,945,652)	(185,271)
Total	(5,945,652)	(185,271)



AAVAS FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2021

8 Payables

	(In INR)	
Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	5,602,773	2,755,539
Total	5,602,773	2,755,539

9 Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues Payable	249,085	245,590
	249,085	245,590

10 Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income On Fixed Deposit	1,822,326	2,516,422
Interest Income On Income tax refund	29,798	-
	1,852,124	2,516,422

11 Employee Benefit Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	9,104,078	3,321,917
Contribution to provident funds and other funds	49,733	11,933
	9,153,811	3,333,850

12 Tax Expenses

The major components of income tax expense for the year ended March 31, 2021

Profit or loss section

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Deferred Tax Liability		
Relating to origination and reversal of temporary differences	(7,816)	2,956
Deferred Tax Asset		
Tax Losses	(1,989,991)	(313,172)
Income tax expense reported in the statement of profit or loss	(1,997,807)	(310,216)

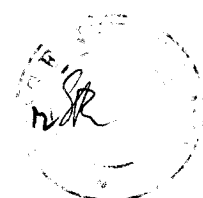
OCI section

Deferred tax related to items recognised in OCI during the period:

	March 31, 2021	March 31, 2020
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charged to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2021:

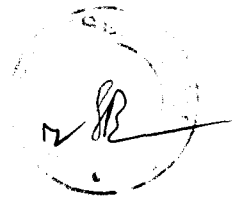
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax from continuing operations	-	-
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	-	-
Tax at statutory Income Tax rate of 25.17% (P.Y. 26.00%)	-	-
Expenses allowed u/s 35D of Income tax Act	-	-
Expenses disallowed u/s 37 of Income tax Act	-	-
Tax at effective Income Tax rate of 0.00% (P.Y. 24.72%)	-	-
Tax on Other comprehensive income (b)	-	-
Total Tax expenses at effective tax rate of 0.00% (P.Y. 24.72%) (a+b)	-	-
Income tax expense reported in the statement of profit and loss	-	-



AAVAS FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2021

13 Earning per share

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Following reflects the profit and share data used in EPS computations:		
Basic		
Weighted average number of equity shares for computation of Basic EPS	4,500,000	4,500,000
Net profit for calculation of basic EPS	(5,760,381)	(793,282)
Basic earning per share (In Rs.)	(1.28)	(0.18)
Diluted		
Weighted average number of equity shares for computation of Diluted EPS	4,500,000	4,500,000
Net profit for calculation of Diluted EPS	(5,760,381)	(793,282)
Diluted earning per share (In Rs.)	(1.28)	(0.18)
Nominal value of equity shares (In Rs.)	10.00	10.00



AAVAS FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2021

14 Related party Transaction

a. Names of related parties identified in accordance with Ind AS -24 "Related Party Disclosures" (with whom there were transactions during the period)

1. Holding Company

Aavas Financiers Limited

2. Key management personnel

Mr. Sachinderpalsingh Jitendrasingh Bhinder	Whole Time Director and Chief Executive Officer
Mr. Nishant Sharma	Chairperson
Mr. Manas Tandon	Director
Mr. Ghanshyam Rawat	Director

3. Enterprises under significant influence of the key management personnel
 None

4. Relatives of key managerial personnel
 None

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

Name of related party	Nature of transactions	(In INR)					
		Period from April 01, 2020 to March 31, 2021		As at March 31, 2021	Period from April 01, 2019 to March 31, 2020		As at March 31, 2020
		Amount received	Amount paid	Outstanding balance	Amount received	Amount paid	Outstanding balance
Aavas Financiers Limited	Reimbursement of expenses	56,491	-	1,402,375	104,554	-	1,345,884
Aavas Financiers Limited	Reimbursement of Statutory payments	2,780,743	-	4,091,398	1,116,889	-	1,310,655
Mr. Sachinderpal Singh Bhinder	Remuneration	-	9,153,811	-	-	3,333,850	-

15 Dues to micro and small enterprises as defined under the MSMED Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

16 Segment information

Ind AS 108 introduces a 'management approach' to identifying and measuring the financial performance of an entity's operating segments. Since, the Company's operations have not been started yet, hence the segment reporting is not applicable to the company.

17 There are no contingent liability as on March 31, 2021 (March 31, 2020 Rs. Nil).

18 Previous period's figures have been regrouped/ reclassified where necessary to conform to this year's classification.

For S.R. Batliboi & Associates LLP
 ICAI Firm Registration No. 101049W/E300004
 Chartered Accountants

Sarvesh Warty

per Sarvesh Warty
 Partner
 Membership No. 121411



Place: Mumbai
 Date: April 29, 2021

For and on behalf of the Board of Directors of
 AAVAS FINSERV LIMITED

Nishant Sharma
 Nishant Sharma
 (Chairperson)

Sachinderpalsingh Jitendrasingh Bhinder
 Sachinderpalsingh Jitendrasingh Bhinder
 (Whole Time Director and CEO)