

**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, 2019, 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 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, 2019, its profit/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 which are included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

**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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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.

### **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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) This report does not include Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Report on internal financial controls'), since in our opinion and according to the information and explanation given to us, the said report on internal financial controls is not applicable to the Company basis the exemption available to the Company under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting;
  - (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, 2019;



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- (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*

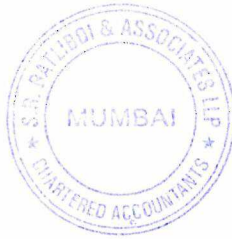
**per Sarvesh Warty**

Partner

Membership Number: 121411

Place of Signature: Jaipur

Date: May 03, 2019



**Annexure 1 referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date**

- (i) The Company does not have any fixed assets, accordingly, the provisions of clause 3(i) (a), (b) and (c) of the Order 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 paragraph 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 Companies Act, 2013 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, income-tax, service tax, duty of custom, duty of excise, value added tax, GST, Service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance, Wealth tax, duty of customs and duty of excise 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, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to customs duty and excise duty are not applicable to the Company.  
  
(c) According to the records of the Company, there are no dues of income tax, goods and services tax, value added tax and cess 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 initial public offer / further public offer / debt instruments and term loan hence, reporting under clause (ix) is not applicable to company hence not commented upon.





# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- (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 fraud/material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (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 Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) 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 him as referred to in section 192 of Companies Act, 2013.
- (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

Place of Signature: Jaipur

Date: May 03, 2019



**AAVAS FINSERV LIMITED**  
Balance Sheet as at March 31, 2019

		(In Rs.)	
Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets			
Other financial assets	2	48,000	-
<b>Total Non-current assets</b>		<b>48,000</b>	<b>-</b>
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	3	4,66,76,784	4,50,00,000
Other financial assets	2	3,68,869	2,39,400
Current tax assets (net)		31,844	26,600
Other current assets	4	30,510	-
<b>Total Current assets</b>		<b>4,71,08,007</b>	<b>4,52,66,000</b>
<b>TOTAL ASSETS</b>		<b>4,71,56,007</b>	<b>4,52,66,000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	5	4,50,00,000	4,50,00,000
Other equity	6	6,08,011	(5,77,210)
<b>Total Equity</b>		<b>4,56,08,011</b>	<b>4,44,22,790</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade Payables	7	15,34,096	8,43,210
Other current liabilities		13,900	-
<b>Total Liabilities</b>		<b>15,47,996</b>	<b>8,43,210</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,71,56,007</b>	<b>4,52,66,000</b>
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: Jaipur  
Date: May 03, 2019

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

*Sushil Kumar Agarwal*

Sushil Kumar Agarwal  
(Director)

*Ghanshyam Rawat*

Ghanshyam Rawat  
(Director)



AAVAS FINSERV LIMITED  
Statement of profit and loss for the year ended March 31, 2019

(In Rs.)			
Particulars	Notes	For the year ended March 31, 2019	For the period ended March 31, 2018
Other Income (Interest on Fixed Deposit)		20,06,948	2,66,000
<b>Total Income</b>		<b>20,06,948</b>	<b>2,66,000</b>
<b>Expenses</b>			
Audit Fees		1,18,000	1,00,000
Legal and Professional charges		2,60,510	-
Other expenses		54,000	7,43,210
<b>Total Expenses</b>		<b>4,32,510</b>	<b>8,43,210</b>
<b>Profit/(loss) before tax</b>		<b>15,74,438</b>	<b>(5,77,210)</b>
Tax Expense:	8		
(1) Current Tax		3,89,217	-
(2) Deferred Tax		-	-
<b>Profit/(loss) for the year</b>		<b>11,85,221</b>	<b>(5,77,210)</b>
<b>Other Comprehensive Income</b>			
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		-	-
<b>Other Comprehensive Income, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>11,85,221</b>	<b>(5,77,210)</b>
<b>Earnings per equity share</b>	9		
Basic (Rs.)		0.26	(0.39)
Diluted (Rs.)		0.26	(0.39)
Nominal value per share (Rs.)		10.00	10.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

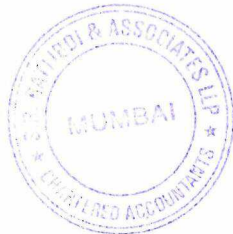
As per our report of even date

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

*Sarvesh Warty*

per Sarvesh Warty  
Partner  
Membership No. 121411

Place: Jaipur  
Date: May 03, 2019



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

*Sushil Kumar Agarwal*  
Sushil Kumar Agarwal  
(Director)

*Ghanshyam Rawat*  
Ghanshyam Rawat  
(Director)





AAVAS FINSERV LIMITED  
Cash flow statement for the year ended March 31, 2019

(In Rs.)			
Particulars	Notes	For the year ended March 31, 2019	For the period ended March 31, 2018
<b>A Cash flow from operating activities:</b>			
Net profit/(loss) before tax as per statement of profit and loss		15,74,438	(5,77,210)
Adjustments for			
Interest on Fixed Deposit		(20,06,948)	(2,66,000)
<b>Operating profit before working capital changes</b>		<b>(4,32,510)</b>	<b>(8,43,210)</b>
<b>Changes in working capital</b>			
(increase) in Non-current assets		(48,000)	-
(increase) in Other current assets		(30,510)	-
increase in Other current liabilities		13,900	-
increase in Trade Payables		6,90,886	8,43,210
Direct Tax Paid		(1,93,766)	-
<b>Net cash flow from operating activities (A)</b>		<b>-</b>	<b>-</b>
<b>B Cash flow from investing activities:</b>			
<b>Inflow (outflow) on account of :</b>			
Interest on Fixed Deposit		16,76,784	-
Investment in Fixed Deposit		(4,30,00,000)	-
<b>Net cash flow (used in) investing activities (B)</b>		<b>(4,13,23,216)</b>	<b>-</b>
<b>C Cash flow from financing activities:</b>			
Issue of equity shares		-	4,50,00,000
<b>Net Cash flow from financing activities (C)</b>		<b>-</b>	<b>4,50,00,000</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>		<b>(4,13,23,216)</b>	<b>4,50,00,000</b>
Cash and cash equivalents as at the beginning of the year		4,50,00,000	-
Cash and cash equivalents at the end of the year	3	<b>36,76,784</b>	<b>4,50,00,000</b>
Components of cash and cash equivalents			
Cash on hand		-	-
Balance with banks			
In current accounts		36,76,784	2,50,00,000
In deposit account		-	2,00,00,000
<b>Total cash and cash equivalents</b>	3	<b>36,76,784</b>	<b>4,50,00,000</b>
Summary of significant accounting policies	1		

Note:-

1. Cash flow statement has been prepared under indirect method as set out in the Ind AS 7 "Cash Flow Statement".
2. 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: Jaipur  
Date: May 03, 2019

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

*Sushil Kumar Agarwal*  
Sushil Kumar Agarwal  
(Director)

*Ghanshyam Rawat*  
Ghanshyam Rawat  
(Director)



**AAVAS FINSERV LIMITED**  
Statement of Changes in Equity for the year ended March 31, 2019

(In Rs.)

**a. Equity Share Capital**

Particulars	Amount
Shares issued on November 30, 2017 (45,00,000 Equity Shares of Rs. 10/- each.)	4,50,00,000
<b>Balance as at March 31, 2018</b>	<b>4,50,00,000</b>
Shares issued during the year ended March 31, 2019	-
<b>Balance as at March 31, 2019</b>	<b>4,50,00,000</b>

**b. Other Equity**

Equity Component of compounded financial instruments	Retained earnings	Total
<b>Balance as at November 30, 2017</b>	-	-
Profit for the period (A)	(5,77,210)	(5,77,210)
Other Comprehensive Income for the period (B)	-	-
<b>Total Comprehensive income for the period (A+B)</b>	<b>(5,77,210)</b>	<b>(5,77,210)</b>
<b>Balance as at March 31, 2018</b>	<b>(5,77,210)</b>	<b>(5,77,210)</b>
Profit for the year (A)	11,85,221	11,85,221
Other Comprehensive Income for the year (B)	-	-
<b>Total Comprehensive Income for the year (A+B)</b>	<b>11,85,221</b>	<b>11,85,221</b>
<b>Balance as at March 31, 2019</b>	<b>6,08,011</b>	<b>6,08,011</b>

As per our report of even date

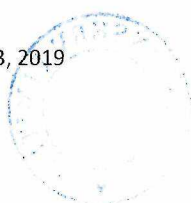
For S.R. Batliboi & Associates LLP  
ICAI Firm Registration No. 101049W/E300004  
Chartered Accountants

*Sarvesh Warty*

per Sarvesh Warty  
Partner  
Membership No. 121411



Place: Jaipur  
Date: May 03, 2019



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

*Sushil Kumar Agarwal*

Sushil Kumar Agarwal  
(Director)

*Ghanshyam Rawat*

Ghanshyam Rawat  
(Director)



**AAVAS FINSERV LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2019**

**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 during the year 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 year ending March 31, 2019.

**B. Basis of preparation**

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act 2013, (Ind AS Compliant Schedule III).

For the period ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2019 are the first which has prepared in accordance with Ind AS by the Company. The standalone financial statements have been prepared on a historical cost basis. The standalone financial statements are presented in Indian Rupees (INR).

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.



*Sister to [Signature]*





**AAVAS FINSERV LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2019**

**1.6 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.

**1.7 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.

**1.8 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.

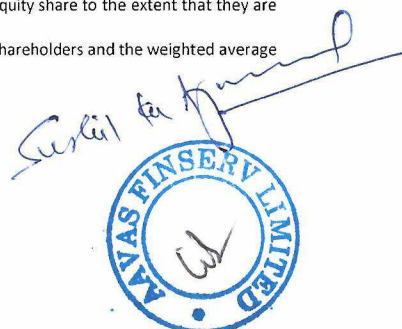
Contingent liabilities are reviewed at each balance sheet date.

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

**1.9 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.



AAVAS FINSERV LIMITED  
Notes to the Financial Statements for the year ended March 31, 2019

2 Other financial assets

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Interest accrued on Bank Deposits	-	3,68,869	-	2,39,400
Security Deposit	48,000	-	-	-
<b>Total</b>	<b>48,000</b>	<b>3,68,869</b>	<b>-</b>	<b>2,39,400</b>

3 Cash and cash equivalents

Particulars	(In Rs.)	
	As at March 31, 2019	As at March 31, 2018
<b>Cash and cash equivalents</b>		
Cash on hand	-	-
Balance with banks		
In Current accounts	36,76,784	2,50,00,000
In Deposits with original maturity of less than three months	-	2,00,00,000
	<b>36,76,784</b>	<b>4,50,00,000</b>
<b>Bank balances other than above</b>		
Deposit with original maturity of more than 12 months	-	-
Deposit with original maturity of more than 3 months less than 12 months	4,30,00,000	-
	<b>4,30,00,000</b>	<b>-</b>
<b>Total</b>	<b>4,66,76,784</b>	<b>4,50,00,000</b>

4 Other current assets

Particulars	As at March 31, 2019	As at March 31, 2018
GST Input	30,510	-
<b>Total</b>	<b>30,510</b>	<b>-</b>



*Susil K. J. J.*



**AAVAS FINSERV LIMITED**  
Notes to the Financial Statements for the year ended March 31, 2019

**5 Share Capital**

(In Rs.)		
<b>Details of Authorized, Issued, Subscribed and Paid up Share Capital</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorized share Capital</b>		
45,00,000 Equity Shares of Rs. 10/- each.	4,50,00,000	4,50,00,000
	<b>4,50,00,000</b>	<b>4,50,00,000</b>
<b>Issued Subscribed &amp; Paid up Capital</b>		
<b>Issued and Subscribed Capital</b>		
45,00,000 Equity Shares of Rs. 10/- each	4,50,00,000	4,50,00,000
Total Issued Share Capital	4,50,00,000	4,50,00,000
<b>Called-Up and Paid Up Capital</b>		
Fully Paid-Up	4,50,00,000	4,50,00,000
45,00,000 Equity Shares of Rs 10/- each	4,50,00,000	4,50,00,000
<b>Total</b>	<b>4,50,00,000</b>	<b>4,50,00,000</b>

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Equity Share at the beginning of the period	45,00,000	4,50,00,000	-	-
Add: Shares issued during the period	-	-	45,00,000	4,50,00,000
<b>Equity Share at the end of the period</b>	<b>45,00,000</b>	<b>4,50,00,000</b>	<b>45,00,000</b>	<b>4,50,00,000</b>

(ii) Shares held by holding Company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Aavas Financiers Limited	45,00,000	100%	45,00,000	100%
	<b>45,00,000</b>	<b>100%</b>	<b>45,00,000</b>	<b>100%</b>

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, 2019		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Aavas Financiers Limited	45,00,000	100%	45,00,000	100%
	<b>45,00,000</b>	<b>100%</b>	<b>45,00,000</b>	<b>100%</b>

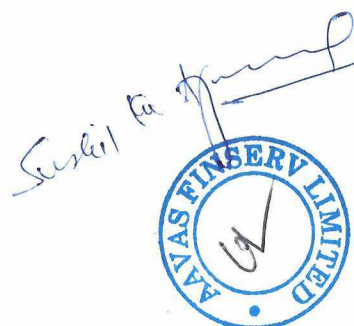
As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(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.

**6 Other equity**

Particulars	As at March 31, 2019	As at March 31, 2018
Retained earnings	6,08,011.31	(5,77,210.00)
<b>Total</b>	<b>6,08,011.31</b>	<b>(5,77,210.00)</b>





**AAVAS FINSERV LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2019**

(In Rs.)

**7 Payables**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Trade Payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	15,34,096	8,43,210
<b>Total</b>	<b>15,34,096</b>	<b>8,43,210</b>

**8 Tax Expenses**

The major components of income tax expense for the year ended March 31, 2019  
**Profit or loss section**

	Year ended March 31, 2019	Period ended March 31, 2018
<b>Current income tax:</b>		
Current income tax charge	3,89,217	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-	-
<b>Income tax expense reported in the statement of profit or loss</b>	<b>3,89,217</b>	<b>-</b>

**OCI section**

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

	March 31, 2019	March 31, 2018
Net loss/(gain) on remeasurements of defined benefit plans	-	-
<b>Income tax charged to OCI</b>	<b>-</b>	<b>-</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019:

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Accounting profit before tax from continuing operations	15,74,438	(5,77,210)
Profit/(loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>15,74,438</b>	<b>(5,77,210)</b>
Tax at statutory Income Tax rate of 26% (P.Y. 26%)	4,09,354	-
Expenses allowed u/s 35D of Income tax Act	(38,647)	-
Expenses disallowed u/s 37 of Income tax Act	18,510	-
Tax at effective Income Tax rate of 24.72% (P.Y. 0%)	3,89,217	-
Tax on Other comprehensive income (b)	-	-
<b>Total Tax expenses at effective tax rate of 24.72% (P.Y. 0%) (a+b)</b>	<b>3,89,217</b>	<b>-</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>3,89,217</b>	<b>-</b>

**9 Earning per share**

Particulars	For the year ended March 31, 2019	For the period ended March 31, 2018
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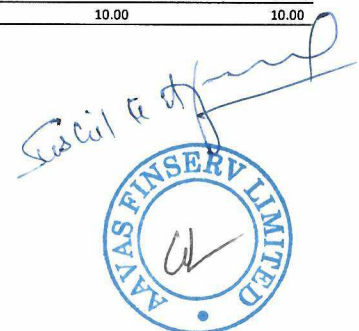
Following reflects the profit and share data used in EPS computations:

**Basic**

Weighted average number of equity shares for computation of Basic EPS	45,00,000	14,91,781
Net profit for calculation of basic EPS	11,85,221	(5,77,210)
<b>Basic earning per share (In Rs.)</b>	<b>0.26</b>	<b>(0.39)</b>

**Diluted**

Weighted average number of equity shares for computation of Diluted EPS	45,00,000	14,91,781
Net profit for calculation of Diluted EPS	11,85,221	(5,77,210)
<b>Diluted earning per share (In Rs.)</b>	<b>0.26</b>	<b>(0.39)</b>
<b>Nominal value of equity shares (In Rs.)</b>	<b>10.00</b>	<b>10.00</b>



**AAVAS FINSERV LIMITED**  
Notes to the Financial Statements for the year ended March 31, 2019

**10 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 (From November 30, 2017)

2. Key management personnel

None

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 :

(In Rs.)

Name of related party	Nature of transactions	Period from April 01, 2018 to March 31, 2019		As at March 31, 2019	Period from November 30, 2017 to March 31, 2018		As at March 31, 2018
		Amount received	Amount paid	Outstanding balance	Amount received	Amount paid	Outstanding balance
Aavas Financiers Limited	Issue of Equity Shares	-	-	-	4,50,00,000	-	-
Aavas Financiers Limited	Reimbursement of expenses	-	4,98,120	12,41,330	-	7,43,210	7,43,210
Aavas Financiers Limited	Reimbursement of Statutory payments	-	1,93,766	1,93,766	-	-	-

**11 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.

**12 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.

**13 First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2019, are the first financial statements of the Company has prepared in accordance with Ind AS. For the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies.

There is no any adjustment required in first Ind AS financial statement in comparison to Indian GAAP financials.

14 There is no contingent liability as on March 31, 2019.

**15 Standard issued but not yet effective**

**Ind AS 116 : Leases**

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual years beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is evaluating the requirements of Ind AS 116 and its effect on the financial statements.

16 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: Jaipur  
Date: May 03, 2019



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

*Sushil Kumar Agarwal*  
Sushil Kumar Agarwal  
(Director)

*Ghanshyam Rawat*  
Ghanshyam Rawat  
(Director)

