



ORIX Leasing & Financial Services India Ltd.
(A Subsidiary of ORIX Auto Infrastructure Services Ltd.)

Annual Report
2021 - 2022

Plot No.94, Marol Co-operative Industrial Estate, Andheri-Kurla Road,
Andheri (East), Mumbai – 400 059 ·
Tel.: +91 22 6707 0100 – Fax +91 22 2852 8549
Web Site – www.orixindia.com



ORIX Leasing & Financial Services India Limited (formerly known as OALS Auto Financial Services limited)

(A Subsidiary of ORIX Auto Infrastructure Services Limited)

Regd. Office : Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059

Tel: +91 22 2859 5093 / 6707 0100 • Fax: +91 22 2852 8549 • Email: info@orixindia.com • www.orixindia.com • CIN: U74900MH2006PLC 163937

Corporate Information:

Board of Directors:

Mr. Yoshiaki Matsuoka	:	DIN 08141800	:	Director & Chairman
Mr. Sandeep Gambhir	:	DIN 00083116	:	Managing Director
Mr. Ryohei Suzuki	:	DIN 08218888	:	Director
Mr. Takehiro Onishi	:	DIN 09019630	:	Director
Mr. Abhay Kakkar	:	DIN 06659327	:	Independent Director
Mr. Nagesh Dubey	:	DIN 06967617	:	Independent Director
Mr. Takashi Yamasaki	:	DIN 09238975	:	Director
Mr. Shin Hamada	:	DIN 09100127	:	Director
Ms. Gouri Sawant	:	DIN 07748113	:	Director

Statutory Auditors:

M/s. Dass Gupta & Associates, Chartered Accountants

Secretarial Auditors:

M/s. BNP & Associates, Practicing Company Secretaries

Registered Office:

Plot No. 94, Marol Co-operative Industrial Estate,
Andheri-Kurla Road, Andheri (East),
Mumbai - 400059
Tel: 91 22 67070100
Web: www.orixindia.com
Email: info@orixindia.com
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Key Managerial Personnel:

Mr. Sandeep Gambhir - Managing Director
Mr. Vivek Wadhwa - Chief Financial Officer
Ms. Meeta Sanghvi - Company Secretary



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Bankers:

- (1) ANZ Banking Group
- (2) Axis Bank Limited
- (3) Bank of Baroda
- (4) Bank of America
- (5) Central Bank of India
- (6) Citibank N.A
- (7) Credit Agricole Corporation & Investment Bank
- (8) Deutsche Bank AG
- (9) HDFC Bank
- (10) ICICI Bank
- (11) IDBI BANK
- (12) DBS Bank
- (13) JP Morgan Chase Bank N.A
- (14) Kotak Mahindra Bank
- (15) Mizuho Bank
- (16) MUFG Bank
- (17) RBL Bank Ltd
- (18) State Bank of India
- (19) Sumitomo Mitsui Banking Corporation
- (20) The Federal Bank
- (21) Punjab National Bank

Registrar and Share Transfer Agent:

M/s Link Intime India Private Limited

C 101, 247 Park, L.B.S. Marg,

Vikhroli (W),

Mumbai - 400 083

Debenture Trustee:

M/s. IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17,

R. Kamani Marg, Ballard Estate,

Mumbai - 400 001

Tel.: 91 022 4080 7001, Fax : 91 22 6631 1776,

Email : itsl@idbitrustee.com

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DIRECTORS' REPORT

To,
The Members,
ORIX Leasing & Financial Services India Limited

Your Directors are pleased to present the Sixteenth Annual Report on the business and operations of your Company together with the audited financial statements for the financial year ended March 31, 2022.

(I) Financial Performance:

The summary of the Financial Performance of the Company for the Financial Year 2021-2022 as compared to previous financial year 2020-2021 is given below:

(Currency: Indian Rupees In Lakhs)

Particulars		2021-2022	2020-2021
Gross Income	:	25,732	33,802
Profit/(loss) before interest, depreciation and taxation	:	13708	22,191
Financial charges	:	11.800	14,767
Depreciation	:	897	947
Profit/(Loss) before tax	:	1.012	6,477
Provision for tax:			
Current Tax	:	1,261	2,918
Deferred Tax	:	-554	(1,203)
Income Tax relating to previous year	:	-1080	-
Profit/(Loss) after tax	:	1,386	4,762
Transferred to Reserve Fund	:	277	952
Balance Carried forward	:	18,200	17,090

This financial statement have been prepared in accordance with the Companies Indian Accounting Standards (referred to as "Ind AS") Rules, 2015 as prescribed under section 133 of the Companies Act, 2013 ("the Act") and relevant amendment rules issued from time to time.



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(II) Dividend:

Your Directors have not recommended payment of dividend for the financial year ended March 31, 2022 since it is proposed to retain the same in the business.

(III) Brief Description of the Company's state of affairs during the year and Review of Operations of the Company:

The last year saw the Company putting itself on the road to recovery after a significant slowdown in the year 2020-2021 due to the adverse impact of COVID-19. Though the year started with a strong second wave hitting the country in April and May 2021, due to the consistent efforts put in by the entire team, operations were normalized towards the end of the second quarter and the Company was well back on the road to recovery. The company witnessed an improvement in the overall economic environment and the impact of the same was seen on various aspects of the business, though different businesses showed different trajectory.

The Finance Lease business disbursements showed a significant uptick in disbursements for passenger cars and the Company also saw customers opting for equipment leasing (Desktops, laptops and servers) which helped the Finance Lease Business grow significantly as compared to the previous year.

With regards to the lending businesses, the entire focus was on collections as both the Loan Against Property as well as the Commercial Vehicle Lending businesses were severely impacted due to challenges faced by customers in the previous year due to their cashflows getting impacted due to COVID-19.

With regards to disbursements for the Loan Against Property business, the company continued to follow a conservative approach like last year and with the delinquencies now showing improvements, fresh disbursements were resumed towards the last quarter under a much refined and selective sourcing framework with a tighter credit policy.

Revenue for the financial year 2021-22 was INR 2.57 Bn and Profit Before Tax was INR 101Mn.

The Company is backed by a very strong and supportive shareholder. The parental support has been demonstrated through corporate guarantees, parent loans, global committed lines and any other means. The active support and confidence from the shareholder will propel the Company's growth despite competitive pressures across business lines and extremely turbulent environmental conditions.

The Company was recognized as a Great Place to Work by the Great Place to Work Institute and it was ranked amongst the Top 50 Mid-Sized Companies to work for in India. This is a validation of our best-in-class people practices as well as the trust that our people have in the culture we have built over the years. During COVID-19 as well, all the necessary steps were taken to ensure the safety and wellbeing of our employees and their families. Steps taken last year to ensure health and safety of our employees



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such as workplace sanitization, rostering of the employee population to prevent overcrowding, closure of office premises as and when required, and following the requisite COVID protocols continued during the current year as well.

The liquidity position of the Company continued to be comfortable. The Credit worthiness of the company has been revalidated through a revalidation of AAA rating of our Long-Term Debt and A1+ of Short-Term Debt. The Cost of Borrowings during the year were competitive as compared to the market rates.

(IV) Capital Adequacy Ratio:

Your Company is well capitalized and has a capital adequacy ratio of 25.59% as at March 31, 2022 as against the minimum regulatory requirement of 15% for non-deposit accepting NBFCs.

(V) Credit Rating:

The India Ratings & Research Private Limited (FITCH) have affirmed ratings vide its letter dated June 08, 2022 for the various facilities availed by the Company, details of which are given below:

Facility	Rating	Amount (Rs. in mn)
Short Term	IND A1+	11,430
Long Term	IND AAA	12,067
Non-Convertible Debenture	IND AAA	4,000
Total		27,497

(VI) Borrowings:

Your Company has diversified funding sources from Public Sector Banks, Private Sector Banks, Foreign Banks and Financial Institutions etc. Funds were raised by way of term loans, External Commercial Borrowings and unsecured redeemable non-convertible debentures (NCDs)

During the year under review, your Company has raised Rs.3,300 million through term loans from Banks, Interest payment or principal repayment of the term loans due as on March 31, 2022, has been paid; and

The Company has not received any grievances from the debenture holder.

The Directors of your Company state that there were no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year March 31, 2022 to which the financial statements relate and the date of this report.



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(VII) Share Capital:

- (1) Authorised Share Capital: The Authorized Share Capital of the Company is Rs. 1,500,000,000 (Rupees Fifteen Hundred Million Only) divided into 150,000,000 (One Hundred Fifty Million Only) Equity Shares of Rs.10/- each.
- (2) Issued, Subscribed and Paid-up Share Capital: The Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 1,009,359,010/- (Rupees One Thousand Nine Million, Three Hundred Fifty-Nine Thousand and Ten) divided into 100,935,901/- (One Hundred Million, Nine Hundred Thirty-five Thousand Nine Hundred One) Equity Shares of Rs.10/- each.

There was no change in the Share Capital during the year under review.

(VIII) Deposits:

The Company being registered as Non-deposit taking Non-Banking Financial Company with RBI has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI.

(IX) Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

In terms of Section 177 of the Companies Act, 2013 ('the Act'), Audit Committee's terms of reference, amongst others, includes evaluation of Internal Financial Control (IFC) and Risk Management Systems. An evaluation of the Company's Internal Financial Control (IFC) is a detailed process 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. During the year under review, a detailed exercise was carried by Mr. Rishikesh Agarwal, an external expert who evaluated the entity level controls; business process level controls; testing, reporting and monitoring and Risk Management Systems of the Company so as to evaluate operating effectiveness of entity level controls on financial reporting process and put in place suitable remediation plan / compensatory control to minimise or eliminate risk of any nature.

The report provided by Mr. Rishikesh Agarwal did not indicate any material issues which required attention of the Audit Committee and Statutory Auditors.

(X) Registration as Systematically Important Non-Deposit NBFC:

The Company is a registered Non-Banking Finance Company-Non-Deposit – Systemically Important Company (NBFC-ND-SI) pursuant to the receipt of Certificate of Registration No. N-13.01981 from the Reserve Bank of India (RBI) dated December 8, 2010, under Section 45-IA of the Reserve Bank of India Act, 1934. Further, your Company always aims to operate in compliance with applicable laws and regulations and employs its best efforts towards achieving the same.

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(XI) Auditors:

(1) Statutory Auditors and Statutory Audit Report:

M/s. B S R & Co. LLP, Chartered Accountants (KPMG Group), (Registration No. 101248W/W-100022), were appointed as Statutory Auditors of the Company in the 13th Extra-Ordinary General Meeting held as on December 03, 2015 to fill in casual vacancy caused by resignation of M/s. B S R and Company, Chartered Accountants (due to change in internal structure of BSR and Company). Further, M/s. B S R & Co. LLP, Chartered Accountants, were re-appointed as Statutory Auditors of the Company in 10th Annual General Meeting of the Company held on July 29, 2016 for the period of 5 years i.e. from the conclusion of the Tenth Annual General Meeting until the conclusion of the Fifteenth Annual General Meeting of the Company held in 2021.

Since, M/s. B S R & Co. LLP, Chartered Accountants had completed their term and tenure as Statutory Auditors of the Company as envisaged under Section 139 of the Companies Act, 2013 they were ineligible for re-appointment.

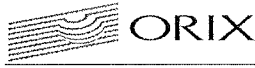
Accordingly, pursuant to the provisions of Sections 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and RBI circular dated 27th April 2021 on Guidelines for appointment of Statutory Auditors (SAs) of NBFCs, M/s. Dass Gupta & Associates, Chartered Accountants, (Firm Registration No.000112N) had been appointed as Statutory Auditors of the Company in the Fifteenth Annual General Meeting (AGM) of the Company held on September 28, 2021 for the period of three years i.e. to hold office from the conclusion of Fifteenth AGM until the conclusion of the Eighteenth AGM of the Company to be held in the year 2024.

The Statutory Auditors have given a confirmation to the effect that they are eligible for appointment and that they have not been disqualified in any manner from appointment as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

The observations made by the Auditors' in their report for the financial year ended March 31, 2022 are self-explanatory and therefore do not call for any further comments under section 143 of the Companies Act, 2013.

There are no qualifications, reservations or adverse remarks or disclaimer made by the Statutory Auditor in their report for the financial year ended March 31, 2022.

(2) Secretarial Auditor and Secretarial Audit Report: Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors at its meeting held on March 22, 2022 had appointed M/s. BNP & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company to conduct the secretarial audit of the Company for the Financial Year 2021 - 22.



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There are no qualifications, reservations or adverse remarks or disclaimer made by the Secretarial Auditor in their report for the financial year ended March 31, 2022. The Report of the Secretarial Auditor is annexed as 'Annexure-A'.

(XII) Statutory Disclosures:

- (1) Pursuant to the provisions of Section 134(3)(a) and Section 92(3) read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return is uploaded on the website of the Company at ORIX - OLFS: Reports & Filings (orixindia.com)'.
- (2) Disclosure as per Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to individuals employed throughout the financial year and in receipt of remuneration of not less than Rs. 1,02,00,000/- (Rupees One Crore and Two lakh) per annum or employed for part of the financial year and in receipt of remuneration of not less than Rs. 8,50,000/- (Rupees Eight lakh and fifty thousand) per month is given in 'Annexure-B'.
- (3) Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as 'Annexure-C'.

All contracts/ arrangements/ transactions entered into/ by the Company during the financial year under review with related parties were on arms' length basis and in the ordinary course of business of the Company. There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Promoter, Directors, Key Managerial Personnel or other designated persons that may have potential conflict with the interest of the Company.

The Policy on Related Party Transactions of the Company as approved by the Board is available on the Company's website at the web-link <https://www.orixindia.com/pdf/OLFS-policy/corporate-governance/policy/Related%20Party%20Transaction%20Policy.pdf>

The Policy governs the following:

- (1) Identifying related party(ies), updating and maintaining the database of such person/entities;
- (2) Ascertaining that the transaction entered with the related party(ies) is/are in 'ordinary course of business of business' and at 'arm's length basis';
- (3) Identifying related party(ies) transaction;
- (4) Obtaining approvals before entering into any related party(ies) transaction;

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- (5) Determining the disclosures / compliances to be adhered in relation to the related party(ies) transaction.

The details of transactions with related parties during the year under review, are disclosed in the notes to accounts annexed to the financial statements which forms part of the Annual Report.

- (4) Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board of Directors has, based on the recommendation of the Nomination and Remuneration Committee (NRC) of the Company, approved the policy on Directors' appointment and remuneration for Directors, Senior Management, KMPs and other employees ("Policy"). During the year under review, the Board of Directors based on the recommendation of the NRC, approved and adopted the revised Policy. The said Policy is available on the website of the Company at [Microsoft Word - NRC Policy-Revised-OLFS-2022 \(orixindia.com\)](#). Further, pursuant to the provisions of Section 134(3)(e), the Company's policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is also annexed as 'Annexure-D'.
- (5) Disclosures pursuant to the provisions of Rule 8(5) of the Companies (Accounts) Rules, 2014 are as follow:
- (a) There were no proceeding pending under the Insolvency and Bankruptcy Code, 2016; and
- (b) There was no instance of onetime settlement with any Bank or Financial Institution.

(XIII) Corporate Governance:

The report on Corporate Governance for the Company is annexed as 'Annexure-E' and forms an integral part of this Annual Report.

(XIV) Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

- (1) Conservation of Energy:

The requirements of disclosure with regard to Conservation of Energy in terms of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are not applicable to the Company since it does not own any manufacturing facility.

However, the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety.



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(2) Technology Absorption:

Not Applicable

(3) Foreign Exchange Earnings and Outgo:

There is foreign exchange outgo of Rs.17214 lakhs during the financial year under review.

(XV) Details of Subsidiary, Joint Venture or Associate Companies

The Company does not have any Subsidiary, Joint Venture or Associate Company

(XVI) Directors and Key Managerial Personnel (KMP):

- (1) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on March 31, 2021, appointed Mr. Takehiro Onishi (DIN: 09019630) as an Additional Non-Executive Director of the Company with effect from the said date. The Members of the Company in their 19th Extra-Ordinary General Meeting held on April 30, 2021, approved his appointment as Director of the Company.
- (2) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on March 31, 2021 further re-appointed Mr. Sandeep Gambhir (DIN: 00083116) as Managing Director of the Company for the period commencing from April 01, 2021 until March 31, 2024. The Members of the Company in their 19th Extra-Ordinary General Meeting held on April 30, 2021, approved his re-appointment as Managing Director of the Company for the period commencing from April 01, 2021 until March 31, 2024.
- (3) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on June 30 2021, appointed Mr. Shin Hamada (DIN: 09100127) as an Additional Non-Executive Director of the Company with effect from the said date. The Members of the Company in their 15th Annual General Meeting held on September 28, 2021, approved his appointment as Director of the Company.
- (4) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on July 29, 2021, appointed Mr. Takashi Yamasaki (DIN: 09238975) as an Additional Non-Executive Director of the Company with effect from the said date. The Members of the Company in their 15th Annual General Meeting held on September 28, 2021, approved his appointment as Director of the Company.



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- (5) In the view of organizational changes at ORIX Corporation (Japan), the Ultimate Holding Company, Mr. Takashi Nakayama (DIN 08768983) Director had resigned from the Board of Directors of the Company with effect from July 29, 2021.

The Board placed on record its sincere appreciation for the valuable contribution and services rendered by Mr. Takashi Nakayama as Director of the Company.

- (6) Mr. Rajeev Lochan Seth (DIN: 00111866) ceased to be an Independent Director of the Company with effect from November 09, 2021. He was appointed on November 9, 2016, for a period of five years and accordingly his tenure as an Independent Director expired on November 9, 2021.
- (7) Mr. Sandeep Gambhir (DIN 00083116), Managing Director, Mr. Vivek Wadhwa, Chief Financial Officer and Ms. Meeta Sanghvi (ICSI Membership no. A21168), Company Secretary are the Key Managerial Personnel (KMP) of the Company pursuant to Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no change in the KMP of the Company during the year under review.

(XVII) Retire by Rotation:

In accordance with Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Yoshiaki Matsuoka (DIN: 08141800) will retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible offers himself for re-appointment at the ensuing AGM. The Board recommends his re-appointment.

(XVIII) Declaration from Directors:

All the Directors of the Company have confirmed that they satisfy the “fit and proper” criteria as prescribed under Chapter XI of RBI Master Direction No. DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 and that they are not disqualified from being appointed/ continuing as Directors in terms of section 164 of the Companies Act, 2013.

(XIX) Declaration from Independent Directors and statement on compliance of code of conduct

The Company has received declaration from Mr. Nagesh Dubey (DIN: 06967617) and Mr. Abhay Kakkar (DIN: 06659327), Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under Section 149(6) of Companies Act, 2013. All Independent Directors have submitted the declaration of compliance of sub-rule (1) and sub-rule (2) of rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the Board.



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No transaction was entered with Independent Directors during the year which could have any material pecuniary relationship with them. Apart from sitting fees no other remuneration was given to the above Independent Directors. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Independent Directors are persons of integrity and possess the relevant proficiency, expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management of the Company.

(XX) Risk Management and Portfolio quality:

Risk Management is an on-going process. The Board has defined the roles and responsibilities of the Risk Management Committee and has delegated the monitoring and reviewing of the Risk Management Plan to the Committee.

The Company is exposed to Credit Risk, Economy Risk, Interest Rate Risk, Asset Liability Mismatch Risk, Cash Management Risk etc. The expertise in lending operations acquired by the Company over past few years has helped to mitigate credit risk. The Company ensures that the short term and long-term resources of funds are favourably matched with deployment. To avoid any asset liability mismatch risk, the Company proposes to long term funding instruments such as Debentures. The Company has continued to enjoy trust and support from its banks and financial institutions, due to its impeccable record in servicing debts on time.

The Company has also adopted stringent checks and internal controls across all branches. Risk function is an independent department without any business overlays. The Company has implemented necessary control measures to arrest the operational risk arising from manual processes which are not supported by IT systems. The Company mitigates its interest rate risk through innovative resource mobilization technique, prudent fund management etc. Superior credit rating of company's financial instruments enables it to raise funds at competitive rates. The Treasury and Asset Liability Management Committee regularly review the interest rate risk and liquidity risk.

The risk function is also supervised by the Audit Committee of the Board from time to time. The Risk Committee reviews the asset quality and product policy programs and the same are duly approved before any new product launches and are reviewed regularly. The asset quality of the Company continues to remain healthy. The ratio of gross non-performing assets to gross advances and net non-performing assets to net advances as of March 31, 2022 stood at 9.72% and 7.28% respectively. The specific loan loss provisions that the Company has made for its non-performing assets continue to be more conservative than those prescribed by the regulator.



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(XXI) Vigil Mechanism:

The Company has adopted Whistle Blower Policy with a view to provide a vigil mechanism framework for Directors and employees of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) and (10) of the Companies Act, 2013. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. The Whistle Blower Policy is uploaded on the Company's website at the web-link <https://www.orixindia.com/pdf/OLFS-policy/corporate-governance/policy/Whistleblower-OLFS.pdf>. Compliance awareness messages are sent on weekly basis by the Compliance function to all employees of the Company. During the year 2021-2022 the Company had received one complaint in the form of Whistle Blower under the Whistle Blower Policy. The reported incident was dealt and disposed-off by the Audit Committee in accordance with the Whistle Blower Policy of the Company.

(XXII) Corporate Social Responsibility (CSR):

Your Company's Corporate Social Responsibility (CSR) activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas. The Company believes CSR is a way of creating shared value and contributing to social and environmental good. Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility.

As part of its initiatives under CSR, the Company has initiated partnerships with implementing agencies for projects in the areas of Promoting education and employment enhancing vocation skills amongst women, women empowerment, healthcare etc. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The Company believes in achieving its CSR objectives through sustained intervention by partnering implementing agencies with strong credentials in the areas the Company seeks to make a difference.

The Company has been circumspect in initiating projects and partnering with the agencies concerned. The endeavor in the current financial year has been building relationships with credible implementing agencies and effective implementation of projects initiated.

The Company, however, believes that it is well positioned to build on the foundations put in place in the current year to broaden and accelerate its CSR interventions in the ensuing years. The company carried out various philanthropic and environmental Corporate Social Responsibility (CSR) initiatives throughout the year.

The annual disclosure on CSR activities is annexed herewith as "Annexure-F".



ORIX Leasing & Financial Services India Limited (formerly known as OAS Auto Financial Services limited)

(A Subsidiary of ORIX Auto Infrastructure Services Limited)

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(XXIII) Internal Audit and Compliance:

(1) Internal Audit:

The Company conducts its internal audit functions within the parameters of regulatory framework which is well commensurate with the size, scale and complexity of operations. The internal controls are reviewed and enhanced periodically.

The Internal Audit Department continuously monitors compliance to internal processes across the operations to ensure that all assets are safe guarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost-effective manner.

The Internal Audit activities are designed to ensure reporting efficiency and compliance with the regulations. The Internal Audit Reports are discussed at length during the Audit Committee meetings, which also reviews the adequacy and effectiveness of the internal controls. The Company has framed the scope and plan of Internal Audit to effectively monitor and supervise the internal audit function in accordance with the statutory requirements.

ORIX Corporation (ORIX), the Ultimate Holding Company is listed on New York Stock Exchange (NYSE) and is required to comply with Sarbanes-Oxley ("SOX") Act, 2002 as a foreign private issuer. The Company being indirect subsidiary of ORIX was subject to SOX Audit to ascertain Entity Level Control ("ELC") from financial year 2021-22 and onwards.

In view of the above, SOX testing was conducted for financial year 2021-2022 by the consulting firm, PROTIVITI (Japan), appointed by Global Internal Audit Department, ORIX. PROTIVITI (Japan) along with its Indian Entity PROTIVITI (India) conducted ELC testing of the Company and submitted its results to ORIX and the Company.

The results of the SOX Audit were placed before the Audit Committee and Board of Directors of the Company.

(2) Compliance:

The Company has set up Compliance Department which is independent of Internal Audit Functions. The Compliance Functions have a preventive, advisory and supervisory role, with particular emphasis on:

- (a) Facilitating the effective identification of risk of violation of relevant external requirements, such as compliance with laws and regulations, as well as providing advice on risk reduction measures.
- (b) Developing and facilitating the implementation of internal controls that will provide the organisation with protection from Compliance Risk.



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- (c) Monitoring and reporting on the effectiveness of control measures.
- (d) Providing the business with advice about acceptable behaviour and practices in relation to the interpretation of external laws and internal rules.
- (e) Monitoring relevant regulatory developments within the compliance function's areas of responsibility.
- (f) Ensuring awareness and training.

This function is evolving within the organisation and executives of this department are closely working with ultimate holding company (ORIX Corporation) Global General Counsel's Office, which is responsible for supervising the Compliance functions of the Company, so as to adopt best ethical business practice and behaviour within the organisation. Moreover, Annual Compliance Plan has been drawn up and submitted to the Audit Committee so that concentrated efforts can be made in specific direction for ensuring that directives of ORIX Corporation are followed.

The Audit Committee reviews the performance of the internal audit and compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary / considered appropriate.

(XXIV) Particulars of Loans, Guarantees or Investments:

The provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate and giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are not applicable to the Company, since the Company is Non-Banking Finance Company.

(XXV) Significant and Material Orders Passed by the Regulators or Courts:

There has been no significant and material order passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

(XXVI) Policy on Prevention of Sexual Harassment:

The Company has zero tolerance for sexual harassment at workplace and has adopted a 'Policy on Prevention of Sexual Harassment at Workplace' ("Policy") in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act") and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has constituted Internal Complaints Committees as per the above Act. Internal Committees under Prevention of Sexual Harassment Act were constituted across locations of the Company. During the year under review, one complaint was received by the Company under the POSH Act and the matter was investigated and resolved by the Internal Committee constituted under the Policy.



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(XXVII) Investor Education and Protection Fund (IEPF):

During the year under review, there were no amount which were required to be transferred to Investor Education and Protection Fund as per provisions of Section 125 of the Companies Act, 2013.

(XXVIII) Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

- (1) that in preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards have been followed;
- (2) that appropriate accounting policies have been selected & applied consistently & judgments and estimates made are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2022 and of the profit of the Company for the said year;
- (3) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) that the annual accounts have been prepared on a going concern basis;
- (5) the Company has an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by Mr. Rishikesh Agarwal, an external consultant, appointed by the Management to conduct the internal audit. Based on the periodical testing, the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls; and
- (6) that the proper systems are devised to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

(XXIX) Frauds reported by the Auditor

During the year under review, the Auditors have not reported any instances of frauds committed in the Company by its officers or employees under sub-section (12) of section 143 of the Companies Act, 2013.



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(XXX) Secretarial Standards issued by ICSI:

Pursuant to the provisions of section 118(10) of the Companies Act, 2013, compliance with Secretarial Standards relating to General and Board Meeting specified by the Institute of Company Secretaries of India (ICSI) as approved by the Central Government have become mandatory from July 1, 2015. The Company is adhering to the standards issued by the ICSI, including any amendment or modification as may be notified by them from time to time.

(XXXI) Management Discussion and Analysis for F.Y:2021- 2022:

Management Discussion and Analysis Report is as under:

- (1) Industry Structure and Developments – With the backdrop of COVID-19, the company's operations have also been impacted. On the Finance lease business, there has been no impact either on business or on collections. The business continues to perform well with the automobile sales growing the FY 21-22. Due to client profile in this business, the collections have also not gotten impacted.

The Loan against property business was curtailed due to dynamic and unclear market scenario. The company decided to wait for the economy to recover and get back on track before resuming this business. The delinquency situation is coming back on track. The company has tightened the credit policy substantially. The focus continues to be on a sustainable profitable growth.

- (2) Opportunities – Despite the tough external environment, the Company is very well placed to navigate through these turbulent times. The Company continues to be AAA rated and that would help in fund raising at competitive pricing. Hence the Company is well equipped to handle liquidity and interest rate risk.

Also, the diversification of the portfolio into retail and corporate book has helped the Company significantly. While there has been impact on the collections for the retail portfolio, the corporate portfolio of Finance Lease continues to perform very well, and collections haven't been impacted in the leasing business. The underlying philosophy for the organization has been controlled growth and the results have been very encouraging thus far.

The Company will continue to follow the cautious approach for the next few quarters. The liquidity position continues to be comfortable, and the shareholder has shown the willingness and ability to help in case of need.

- (3) Threats - Liquidity and rising interest rates would be one of the major challenges for the coming year. Due to inflationary pressures, central banks across the world are increasing rates. This has already started impacting cost

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of borrowing and availability of liquidity. The company has a well-structured cash flow management process. Also, the backing of a strong shareholder and AAA rating would help company manage this challenge.

- (4) Segment-wise or product-wise performance of the Company during last 6 years is as below::

Rs in Mn

SME	2017	2018	2019	2020	2021	2022
Disbursement	3,231	7,338	9,158	4,385	623	173
Balance Sheet Size	3,538	9,821	15,539	16,475	15,272	12200
Revenue	236	758	1,551	1,977	2,116	1,443

FL	2017	2018	2019	2020	2021	2022
Disbursement	2,074	2,001	3,322	3,154	3,303	-
Balance Sheet Size	3,451	3,351	4,238	4,594	4,491	1,018
Revenue	460	445	528	656	614	142

CV	2017	2018	2019	2020	2021	2022
Disbursement	2,621	4,236	2,936	275	-	7,168
Balance Sheet Size	4,398	6,297	5,822	3,591	2,354	7,348
Revenue	543	687	881	624	484	753



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Note: From FY: 2017 and FY 2018 number are as per IGAAP and from FY 2019 to FY 2022 number are as per IND AS

- (5) Outlook – Barring the COVID period, the company has maintained a strong performance trajectory over the past few years. Basis the strong business model, a healthy client base, a 100% secured lending book, comfortable liquidity position and shareholder support, the company has a positive growth outlook for the coming year. The Company believes that it is well placed vis a vis its competition to be able to capitalise on new opportunities.
- (6) Risks and Concerns: Following are the key risks and mitigants of the Company:
- (a) Credit Risk- The biggest risk for any financing business is the credit risk that can be a result of poor underwriting/policy or market downturn. The Company has been extra cautious and conservative in developing the credit policy and processes. The client selection process is fairly stringent and the Company believes that it is well equipped to evaluate credit worthiness of the clients. The credit role is independent of any sourcing/business roles.
- (b) Liquidity Risk - While liquidity is a key risk for any organization, the Company has worked on various fronts to mitigate these risks. The Company continues to enjoy an AAA rating for long term debt and A1+ for short term debt from credit rating agency, it maintains a robust financial position and has a sound parent backing. The Company also has diverse funding options and continues to leverage on strong parent, robust financial performance and highest credit rating.
- (7) Material developments in Human Resources / Industrial Relations front, including number of people employed:

Listed below are some of key initiatives on development of Human Resources front:

(a) **ORIX India, Town Hall Meetings & important communications:**

Periodic Town Hall meetings were hosted by Senior Leadership team at all key locations wherein important information regarding the vision, challenges, progress, and results were shared with employees. One of the key objectives of the activity was to build the connect and search for good questions and feedback, concerns or even grievances.

Important communications like Compliance Certificates, Government Notifications, awareness campaigns for critical policies such as POSH/Anti Bribery /Code of ethics were communicated to all employees.



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(b) **Training and Development:**

Provision of a variety of Training & Development opportunities in FY. 2021-2022 which were aimed at building employee capacity to deliver services, meet strategic needs, and align with the Company's values, strategic plan, and overall mission were conducted.

Training was provided to employees through an online & offline platform to meet the objectives and challenges & accommodated everyone's training needs.

- Total Man-hours completed in FY. 2021-22: 3914(On-Roll)
- Total Man -days completed in FY. 2021-22: 489 (On-Roll)

(c) **Employee Anniversary & Birthday Wishes:**

A sense of community at work is a major contributor to employee satisfaction, and a fun way to build community and foster a climate of appreciation and recognition is in celebrating work anniversaries & Birthdays. These two things were imbibed into the system so that our employees feel appreciation and recognition for their efforts and loyalty towards the organization. Just as it is essential to recognize the people we care about on their birthday; it is also crucial to recognize your employees or co-workers on their corporate anniversary. A total of 63 employees was recognized for work anniversaries & 511 on birthdays.

(d) **ORIX Awards Night:**

We believe that we must successfully focus on cultivating both appreciation and recognition. Hence on the same lines- ORIX India celebrated the ORIX awards night on 3rd September '2021. The awards nights were broadly segregated into three categories mainly Individual Awards, Team Awards & Collaboration Awards and in together 222 employees were awarded that night.

(e) **Employee Engagement, Team Building Activities:**

Employee engagement activities were carried out regularly to provide a healthy and stress-free environment to the employee base. These activities fostered teamwork and stronger bonds and helped in increasing the happiness and pride quotient. We conducted several of these activities in the form of festival celebrations, fun contests, mindfulness activities etc. There were also several welfare activities conducted to help build comfort and pride in the environment:

Total Number of Employee Engagement Activities: 56 (FY. 2020-21).



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(f) Employee HEALTH & Welfare:

Employees are supported with medical insurance and term insurance. Medical insurance for self and dependent of family and a term life cover equivalent to 5 times of the CTC.

(XXXII) General:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- (1) issue of equity shares with differential rights as to dividend, voting or otherwise.
- (2) issue of shares (including sweat equity shares) to employees of the Company.
- (3) change in nature of business.
- (4) material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2022) and the date of the Report -.

(XXXIII) Significant or Material Orders:

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

(XXXIV) Acknowledgements:

We are grateful to the Government of India, Ministry of Corporate Affairs, Reserve Bank of India, Bankers, Investors, rating agency, customers and all other business associates for their valuable guidance and support and wish to express our sincere appreciation for their continued co-operation and assistance. Financial Institutions and other lenders, Customers, Employees and other Stakeholders remained sound during the year under review. We look forward to their continued support and encouragement.



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Your Directors express their deep sense of appreciation for all the employees whose commitment, co-operation, active participation, dedication and professionalism has made the organization's growth possible.

**By Order of the Board of Directors
ORIX Leasing & Financial Services India Ltd.**

**SANDEEP
GAMBHIR** Digitally signed
by SANDEEP
GAMBHIR
Date: 2022.06.27
16:07:30 +05'30'

**Sandeep Gambhir
Managing Director
DIN: 00083116**

**TAKASHI
YAMASAKI** Digitally signed
by TAKASHI
YAMASAKI
Date: 2022.06.27
16:14:09 +05'30'

**Takashi Yamasaki
Director
DIN: 09238975**

Place: Delhi

Date: June 27, 2022

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of,
ORIX Leasing & Financial Services India Limited
Plot No. 94, Marol Co-operative Industrial Estate,
Andheri-Kurla Road,
Andheri East,
Mumbai-400059

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ORIX Leasing & Financial Services India Limited** having **CIN U74900MH2006PLC163937** (hereinafter called the 'Company') for the financial year ended on 31st March 2022 (the 'Audit Period' / the 'Year' / 'Period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our **verification** of the Company's books, papers, minutes books, soft copies of various records, scanned copies of minutes of the Board and its Committees and Statutory Registers, forms and returns filed and other records sent over mail and maintained by the Company.
- (ii) **Compliance Certificates** confirming compliance with all laws applicable to the Company given by the Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
- (iii) **Representations** made, documents produced, and information provided by the Company, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2022, the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board-processes and compliance mechanisms are in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A.



1. Compliance with specific statutory provisions

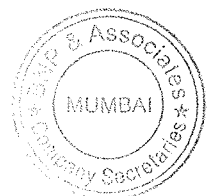
We further report that:

1.1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year according to the applicable provisions / clauses of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowing;
- (iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 (to the extent applicable)
- (v) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (vi) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (vii) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (viii) We have also examined, on test check basis, the relevant documents and records maintained by the Company with respect to Reserve Bank of India Act, 1934 its Master Directions and notifications to the extent applicable to the Company.

1.2. During the period under review, and also considering the compliance related to action taken by the Company after March 31, 2022, but before the date of issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

- (i) Complied with the provisions of the Act, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.
- (ii) Generally complied with the applicable provisions / clauses of:
 - (a) The Act and Rules mentioned under paragraph 1.1 (i)
 - (b) FEMA to the extent of External Commercial Borrowings mentioned under paragraph 1.1 (iii) and



- (c) The Secretarial Standards on meetings of Board of Directors (SS-1) mentioned under paragraph 1.1 (vii) above to the extent applicable to meetings of the Board and its committees held during the review period except for some meetings for which draft minutes were circulated to all the Directors beyond the prescribed time limit of 15 days from the date of conclusion of the meeting and hence these minutes were entered in the minutes book beyond the prescribed time limit of 30 days as provided in the Secretarial Standard-1. The compliance of the provisions of the Rules made under the Act with regard to the meetings of the Board and its committees held through video conferencing were verified based on the minutes of the meetings provided by the Company.

The Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vii) above to the extent applicable to meetings held during the year, the 15th Annual General Meeting held on 28th September 2021 and the 19th Extra Ordinary General Meeting held on April 30, 2021.

- (d) We are informed that:

- i. Further during the year under review, one complaint was received by the Company under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH") and the matter was investigated and resolved by the Internal Committee constituted under the POSH Policy of the Company.

1.3 We are informed that, during the year, the Company was not required to initiate any compliance related action in respect of the following laws / rules / regulations / standards and was consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns thereunder:

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (ii) The following Regulations and Guidelines prescribed under the SEBI Act, 1992: -
- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, and



- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018
- g. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

2. Board processes:

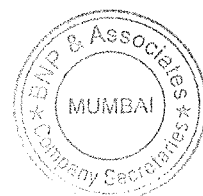
We further report that:

2.1 The Board of Directors of the Company as on 31st March 2022 comprised of:

- (i) A Managing Director;
- (ii) Six Non-Executive Non-Independent Directors; and
- (iii) Two Non-Executive Independent Directors

2.2 The processes relating to the following changes in the composition of the Board of Directors during the year has been carried out in compliance with the provisions of the Act and LODR:

- (i) Appointment of Mr. Takehiro Onishi (DIN: 09019630) as an Additional Director of the Company with effect from March 31, 2021, the same is approved by the Members of the Company at the Nineteenth Extra-Ordinary General Meeting held on April 30, 2021.
- (ii) Re-appointment of Mr. Sandeep Gambhir as a Managing Director of the Company for the period of three years from April 01, 2021, to March 31, 2024 at the Nineteenth Extra-Ordinary General Meeting held on April 30, 2021.
- (iii) Appointment of Mr. Shin Hamada (DIN: 09100127) as an Additional Director of the Company with effect from June 30, 2021, the same is approved by the Members at fifteenth Annual General Meeting of the Company held on September 28, 2021.
- (iv) Cessation of Mr Takashi Nakayama (DIN: 08768983) as Director of the Company with effect from July 29, 2021, due to resignation u/s 168 of the Companies Act, 2013.
- (v) Appointment of Mr. Takashi Yamasaki (DIN: 09238975) as an Additional Non-Executive Director of the Company with effect from July 29, 2021. This appointment is approved by the Members of the Company at fifteenth Annual General Meeting held on September 28, 2021.
- (vi) Re-appointment of Mr. Ryohei Suzuki (DIN: 08218888) as Director of the Company who was liable to retire by rotation and being eligible, offered himself for re-appointment at fifteenth Annual General Meeting.
- (vii) Cessation of Mr. Rajeev Lochan Seth (DIN: 00111866) as an Independent Director of the Company with effect from November 09, 2021. He was appointed on November 9, 2016, for a period of five years, accordingly his tenure as an Independent Director had expired on November 9, 2021.



- 2.3 Adequate notice of the meetings of the Board and its committees were sent to all the directors to enable them to plan their schedule for the meetings of the Board, at least seven days in advance except for few meetings which were convened at a shorter notice with the consent of the Board to transact urgent business, at which more than one independent director was present as required under Section 173 (3) of the Act and SS-1.
- 2.4 Agenda and detailed notes on agenda were sent to the directors at least seven days before the meetings of the Board of Directors and committees thereof, in respect of few meetings which were convened at a shorter notice to transact urgent business, necessary compliance as required under Section 173 (3) of the Act and SS-1 is in place.
- 2.5 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings. However, consent of the Board has been obtained as required under SS-1
- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement / results, unaudited financial results and connected papers; and
 - (ii) Additional subjects/ information/ presentations and supplementary notes
- 2.6 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meeting and for their meaningful participation at the meeting.
- 2.7 We note from the minutes verified that, at the meetings of the Board held during the year:
- (i) Decisions were carried through the majority of the Board; and
 - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, which were required to be captured and recoded as part of the minutes.

3. Compliance Mechanism

There are reasonably adequate systems and processes prevalent in the Company, commensurate with the size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. Specific events / actions

We further report that during the audit period, the following specific events/ actions having a major bearing on the Company's affairs took place: -

- (a) The shareholders of the Company, at their Nineteenth Extra-Ordinary General Meeting held on April 30, 2021, have approved, a Special Resolution for the alteration in Articles of Association of the Company and accordingly, the new set of Articles have been adopted.



- (b) Appointment of M/s Dass Gupta & Associates, Chartered Accountant as Statutory Auditors of the Company for the period of three years from the conclusion of fifteenth Annual General Meeting till the conclusion of eighteenth Annual General Meeting of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]



A handwritten signature in black ink, appearing to read "A. Bagul", with a long horizontal line extending from the end.

Avinash Bagul
Partner
FCS No.: - F5578
COP No.: - 19862
[PR No.: -637 / 2019]
UDIN: - F005578D000532027

Place: - Mumbai
Date: - 27.06.2022

Annexure A to the Secretarial Audit Report for the financial year ended**31st March 2022**

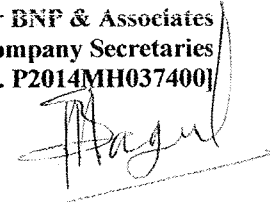
To,
**The Members,
ORIX Leasing & Financial Services India Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

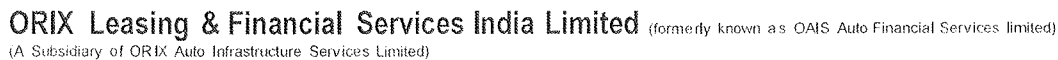
1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]**




**Avinash Bagui
Partner
FCS No.: - F5578
COP No.: - 19862
[PR No.: -637 / 2019]
UDIN: - F005578D000532027**

**Place: - Mumbai
Date: - 27.06.2022**



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Disclosures in terms of Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

[illegible]



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Annexure-C

Related Party Transaction Disclosure as per Section 188 of the Companies Act, 2013

Form No. AOC - 2

(Pursuant to clause (h) of sub - section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

- (1) Details of contracts or arrangements or transactions not at arm's length basis: **Nil**
(2) Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	(i) ORIX Corporation, Japan -Ultimate holding Company (ii) ORIX Auto Infrastructure Services Limited - Holding company (iii) ORIX Housing Finance Corporation India Limited - Fellow Subsidiary (iv) Infrastructure Leasing and Financial Services Ltd - Fellow Subsidiary.
(b)	Nature of contracts/arrangements/transactions	Normal business transactions (Mentioned in the notes forming part of the financial statements at Note no. 38).
(c)	Amount	As mentioned in the notes forming part of the financial statements at Note no. 38.
(d)	Duration of the contracts/arrangements/transactions	Usually annual, however depends on the nature of transaction.
(e)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the notes forming part of the financial statements at Note no. 38.
(f)	Justification for entering into such contracts or arrangements or transactions	Competitive pricing and value of services rendered.
(g)	Date(s) of approval by the Board,	N.A.
(h)	Amount paid as advances, if any	N.A.

Note: No advance is payable in respect of any of the above transactions.



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Annexure-D

Details of Nomination and Remuneration Policy as per Section 178 of the Companies Act, 2013:

Policy relating to Appointment and Removal of Director, Key Managerial Personnel (“KMP”), Senior Managerial Personnel (“SMP”) and Senior Accounting Officer (“SAO”)

The Committee will strive to ensure the continuance of a dynamic and forward-thinking Board and recommend to the Board qualified candidates for directorship.

(I) Appointment / Nomination criteria and qualifications:

(1) Director and KMP:

- (a) **Criteria:** The Committee shall identify and ascertain the integrity, expertise and experience of the person for appointment as a Director and KMP and recommend to the Board for his / her appointment. Appointment of Director and KMP (MD and CEO; and CFO) has to be pre-approved by ORIX Corporation, before approaching the Committee.
- (b) **Qualification:** A person should possess adequate qualification for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

(2) Senior Management Personnel:

The Managing Director in consultation with Human Resource Department shall identify and appoint SMP (other than KMP) based on his/her qualification, expertise and experience for the concerned position or level.

(3) Senior Accounting Officer:

The Committee to identify the persons who is qualified to become SAO and approve his appointment. Appointment of SAO has to be pre-approved by ORIX Corporation, before approaching the Committee.

(II) Term/Tenure:

(1) Managing Director/Whole-time Director:

- (a) The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director for a term not exceeding five years at a

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time. No re-appointment shall be made earlier than one year before the expiry of term.

- (b) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/ who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution under the Act based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Provided further that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

(2) Independent Director:

(a) Appointment:

Appointment of Independent Director shall have to be recommended by the Committee to the Board of Directors for seeking its approval. However, prior approval of ORIX Corporation shall be necessary before approaching Committee.

(b) Term:

- (i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment as per the criteria laid down by the Act and Regulations as amended from time to time.

- (ii) No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

(c) Compliance with the criteria of Independence as prescribed under Section 149 of the Act and other applicable laws, if any including:

- (i) Commitment to abide by the Code for Independent Director(s) as prescribed under the Act.



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- (ii) Person(s) proposed to be appointed as Independent Director(s) shall provide a declaration affirming compliance with the criteria of independence as set forth in the Act, Rules made thereunder and other application laws, if any.
- (iii) Existing Independent Directors on the Board of the Company shall provide signed declaration with respect to compliance with the criteria of Independence as set forth in the Act and other application laws, if any, on annual basis, confirming no impairment to the status of independence.
- (iv) The Committee shall scrutinize the declarations affirming compliance with the criteria of independence, as mentioned herein above, received from proposed / existing Independent Director(s).

(III) Performance Evaluation of the Board of the Company, Committees of the Board and Directors:

- (1) The Committee shall carry out evaluation of performance of the Board of the Company, Committees of Board and individual Directors of the Company at regular interval (yearly).
- (2) Performance Evaluation of Independent Directors shall be done by the entire Board of Directors as per the applicable provisions of the Act.

Note: In the above evaluation, the directors who are subject to evaluation shall not participate.

(IV) Retirement:

The Director, KMP, SMP and SAO shall retire as per the applicable provisions of the Act or under the Regulations and the prevailing HR policy of the Company, as the case may be. The Board will have the discretion to retain the Director and KMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance of Regulations, if any, and prevailing HR Policy of the Company, as the case may be. Further, the Managing Director will have the discretion to retain the SMP in the same position/remuneration after attaining the retirement age.

(V) Removal:

Due to reasons for any disqualification mentioned in the Act or Regulations or breach of Company's prevailing HR policy of the Company or violations of Code of Conduct, the Director, KMP, SMP and SAO may be removed as per the procedure stated below.



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(1) Director including External Director:

The Committee to recommend to the Board of Directors for removal of Director. However, prior approval of ORIX Corporation, shall have to be obtained before approaching the Committee.

(2) KMP:

The Committee to recommend to the Board of Directors for removal of KMP. However, for removal of KMP who MD and CEO are; and CFO prior approval of ORIX Corporation shall have to be obtained before approaching the Committee

(3) SMP:

Managing Director of the Company shall decide removal of SMP, other than KMP of the Company.

(4) SAO:

The Committee to approve the removal of SAO, however prior approval of ORIX Corporation shall be necessary.

Policy relating to the Remuneration for the Whole-time Director, KMP, SMP, SAO and other employees

(I) Remuneration and payment of incentives to Managing Director/Whole Time Director:

(1) Fixed pay:

The Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

(2) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Whole-time Director / in accordance with the provisions of the Act, Schedule V of the Act and with the approval of the Central Government, if and to the extent required.



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(3) Incentives:

Incentive of MD shall be determined by ORIX Corporation as per the contract executed by the Holding Company with MD and shall be approved by the Committee.

(4) Other Provisions:

- (a) The remuneration / compensation / commission etc. to the Whole Time Director, will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and also subject to the approval of Central Government, wherever required as per the law.
- (b) The remuneration / compensation / commission etc. to the Managing Director, shall be as per the contract executed by the Managing Director with the Company. The terms and conditions of the appointment to be incorporated in the contract shall have to be reviewed by the Committee and recommend to the Board for seeking approval of shareholders which shall be subject to the approval of the Central Government, wherever required as per the law.
- (c) The remuneration and commission to be paid to the Whole Time Director including Managing Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Act, Regulations, as amended from time to time or as approved by the shareholders of the Company as deemed appropriate by the Committee..
- (d) Increments to the existing remuneration / compensation structure of Whole-time Director, Managing Director shall be approved by the Committee or the Board, as the case may be.

(II) Insurance Premium:

Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, SMPs or KMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

The Company shall take Director and Officer Liability Insurance Policy on annual basis.

(III) Remuneration to Non- Executive / Independent Director:

(1) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof as fixed by the



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Board of Directors from time to time and in line with the applicable provisions of the Act.

(2) Commission:

Commission may be paid within the monetary limit approved by Board of Director and shareholders, subject to the limits/ slabs and conditions mentioned in the Regulations and as per the Act, as amended from time to time.

(IV) Performance Evaluation and Remuneration of KMP and SMP:

- (1) The performance evaluation of KMP (other than Managing Director/Whole Time Director) and SMP shall be done as per the prevailing Human Resource Policy and based on the criteria approved by the Committee from time to time, in consultation with the Managing Director of the Company.
- (2) The remuneration determined for the KMP and SMP shall be in line with the Company's philosophy to provide fair compensation to key- executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instil a long-term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

(V) Performance Evaluation and Remuneration of SAO:

The Managing Director shall carry out the performance evaluation of Senior Accounting Officer (SAO) which includes promotion and also approve payment of remuneration and incentives with the prior approval of ORIX Corporation.

(VI) Remuneration of other employees (other than KMP and SMP):

The Company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources Department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations in their respective domain.

The various remuneration components, basic salary, allowances and perquisites may be combined to ensure an appropriate and balanced remuneration package.

The annual increments in the remuneration paid to employees shall be determined based on the annual appraisal carried out by Head of various Department basis of the role and position of the individual employee, achievement of performance in line with goals and targets set, professional experience, responsibility, job complexity and local market conditions in competitive environment as well as prevailing HR Policy. The Managing Director of the Company shall approve the annual increment/incentives to be paid to such employees.



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Annexure – E

Corporate Governance disclosures as per Section 134 of the Companies Act, 2013

(I) Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability, and integrity. Your Company has adopted a Board approved Internal Guidelines on Corporate Governance which has helped the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls, performance measurement and regulatory disclosure. The said Internal Guidelines on Corporate Governance has been uploaded on the Company's website at [Microsoft Word - Internal Guidelines on Corporate Governance - 09112016 \(orixindia.com\)](http://Microsoft Word - Internal Guidelines on Corporate Governance - 09112016 (orixindia.com)) which was approved by the Board of Directors in their meeting held on November 9, 2016.

(II) Board of Directors:

During the year the Board met at regular intervals to discuss and decide on various business and policy matters of the Company. The meetings of the Board of Directors during the Financial Year 2021 – 22 were held on June 30, 2021, July 29, 2021, November 25, 2021 and March 22, 2022. At least one meeting was held in every quarter and the time gap between any two meetings was less than 120 days.

The present strength of Board of Directors is Nine (9) Directors. The Board comprises of One (1) Managing Director, Eight (8) Non-Executive Directors including two (2) Independent Directors and one (1) Woman Director. The Directors bring independent judgment in the Board's deliberations and decisions. None of the Directors of your Company are related to each other.

The Directors of the Company have wide experience in the field of finance, risk management, banking and human resources.

The details of attendance of the Board of Directors as at March 31, 2022 are as under:

Sr. No.	Name of Director	No. of Board Meetings Attended	Last AGM Attended
(1)	Mr. Yoshiaki Matsuoka, Director and Chairman	4	Yes
(2)	Mr. Sandeep Gambhir, Managing Director	4	Yes



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(3)	Mr. Ryohei Suzuki, Director	4	Yes
(4)	Mr. Takashi Nakayama, Director	1	Not Applicable
(5)	Mr. Abhay Kakkar, Independent Director	4	Yes
(6)	Mr. Nagesh Dubey, Independent Director	4	Yes
(7)	Mr. Takehiro Onishi, Director	4	Yes
(8)	Mr. Rajeev Lochan Seth, Independent Director	2	Yes
(9)	Ms. Gouri Sawant, Director	4	Yes
(12)	Mr. Shin Hamada, Director	4	Yes
(13)	Mr. Takashi Yamasaki, Director	3	Yes

(III) Committees of the Board of Directors:

(1) Composition:

Sr. No.	Name of the Committee	Composition of the Committee
(a)	Audit Committee	Mr. Takehiro Onishi – Chairman Mr. Nagesh Dubey Mr. Abhay Kakkar
(b)	Nomination and Remuneration Committee (NRC)	Mr. Takehiro Onishi - Chairman Mr. Abhay Kakkar Mr. Nagesh Dubey *Mr. Takashi Yamasaki
(c)	Treasury and Asset Liability Management Committee	Mr. Sandeep Gambhir - Chairman * Mr. Takashi Yamasaki Mr. Takehiro Onishi
(d)	Executive Committee	Mr. Takehiro Onishi Mr. Sandeep Gambhir

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		*Mr. Takashi Yamasaki
(e)	Risk Management Committee	*Mr. Takashi Yamasaki - Chairman Mr. Sandeep Gambhir Mr. Takehiro Onishi
(f)	Corporate Social Responsibility (CSR) Committee	*Mr. Takashi Yamasaki - Chairman Mr. Sandeep Gambhir Mr. Abhay Kakkar
(g)	IT Strategy Committee	Mr. Abhay Kakkar - Chairman Mr. Sandeep Gambhir Mr. Harvinder Gandhi Mr. Gaurav Bhatia Mr. Vivek Wadhera Mr. Jay Gandhi *Mr. Takashi Yamasaki Mr. Sandeep Sinha Mr. Dipankar Sen
(h)	IT Steering Committee	Mr. Abhay Kakkar - Chairman Mr. Sandeep Gambhir Mr. Harvinder Gandhi Mr. Gaurav Bhatia Mr. Vivek Wadhera Mr. Jay Gandhi *Mr. Takashi Yamasaki Mr. Sandeep Sinha Mr. Dipankar Sen

* Mr. Takashi Yamasaki was appointed in place of Mr. Ryohei Suzuki as Member/Chairman of the above Committees vide resolution passed by Board of Directors dated May 09, 2022

(2) Powers of the Committees:

(I) Audit Committee: The key responsibilities of the Committee are:

(A) Financial Reporting:

- (i) To oversee the financial reporting process, accounting controls and disclosure of financial information to ensure that financial information report is sufficient and credible;

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- (ii) To understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
- (iii) To review or set up Accounting Policy Related Party Transaction (RPT) Policy of the Company on a periodic basis and recommend to Board for approval (subject to prior approval of ORIX Corp).
- (iv) Approve, in terms of the RPT Policy, any Related Party Transactions i.e. transactions of the Company of material nature with Related Parties as defined under section 2(76) of the Companies Act, 2013 that may have potential conflict with the interests of Company at large including modification in such transactions and seek approval of the Board on these transactions;
- (v) To review audited / unaudited / limited review of the annual and/or semi-annual financial statements before submission to the Board focusing primarily on:
 - the application of significant accounting policies and any changes to them;
 - the methods used to account for significant or unusual transactions;
 - Compliance with accounting standards;
 - Significant adjustments arising out of audit;
 - Qualifications in draft audit report;
 - Areas involving significant judgement, estimation or uncertainty and the provisions in the financial statements;
 - Compliance with legal and regulatory and financial reporting requirements; and
 - To review Auditors' Report on annual / semi-annual financial statement before submission to the Board;
- (vi) Scrutiny of inter-corporate loans and investments;
- (vii) To note valuation of undertakings or assets of the Company, wherever necessary;

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- (viii) Monitoring the end use of funds raised through public offers and related matters;

(B) **Auditor (External Auditor) :**

The Committee shall:

- (i) consider and make recommendations to the board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's Statutory Auditor (External Auditor) (subject to prior approval of ORIX Corp);
- (ii) review and monitor the External Auditor's independence and performance and effectiveness of audit process
- (iii) if an External Auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (iv) oversee the relationship with the external auditor. In this context the Committee shall:
 - subject to prior approval of ORIX Corp, approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
 - approve their terms of engagement, including any engagement letter issued at the start of each audit.
 - Holding discussions with Statutory Auditors before the audit commences regarding nature and scope of audit as well as post audit discussions on any areas of concern;
- (v) satisfy itself that there are no relationships between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- (vi) evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- (vii) meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with

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the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit

- (viii) discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (ix) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - a discussion of any major issues which arose during the audit;
 - key accounting and audit judgements;
 - the auditor's view of their interactions with senior management; and
 - levels of errors identified during the audit;
- (x) review the management letter and management's response to the auditor's findings and recommendations.
- (xi) review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.
- (xii) Discusses problems and reservations arising from the interim and/or the final audits (full or limited review) and any matters the statutory auditor may wish to discuss so as to ascertain quality and veracity of Company's accounts.

(C) Internal Control :

- (i) keep under review the company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems including information technology security and control; and
- (ii) Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports from significant findings and recommendation, together with management's responses.

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- (iii) review and approve the statements to be included in the annual report concerning internal control, risk management
- (iv) Review the report of auditor on internal control over financial reporting and recommend to the Board of Director for its approval

(D) **Internal Audit:**

The Committee shall:

- (i) Review and approve the Internal Audit Charter annually.
- (ii) Ensure that the internal audit activity, purpose, authority, and responsibility are consistent with the mandatory guidance of The IIA's International Professional Practices Framework
- (iii) Recommend to the Board of Directors for the appointment or termination / removal / dismissal of the Head of Internal Audit (subject to prior approval of ORIX Corp);
- (iv) review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work subject to the condition that it must comply with ORIX's Rules for internal audit ;
- (v) review and approve the annual risk based internal audit plan and scope to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- (vi) ensure internal audit has unrestricted scope, the necessary resources and access to information as well as to management, staff to enable it to fulfil its mandate;
- (vii) ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- (viii) meet regularly with the Internal Audit Head without management being present, to:
 - discuss any issues arising from the audit and also effectiveness of the function; or

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- Inquire of the Internal Audit Head whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, has been taken.
- (ix) carry out an annual assessment of the effectiveness of the internal audit function; and as part of this assessment:
 - determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
 - review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;
- (x) monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor; and
- (xi) With regard to, Quality Assurance and Improvement Program (QA&IP):
 - Ensure that Internal Audit activity has QA&IP;
 - Review the results of the independent external quality assurance.
 - Review and monitor the implementation of the internal audit activity's action plans to address any recommendations; and
 - that the results of these periodic assessments are presented to the Audit Committee
- (xii) consider whether an independent, third party review of Information Technology (IT) Audit are appropriate.
- (xiii) Ensure that the internal audit activity has an external quality assurance review every five years.
- (xiv) Advise the Board of Directors about any recommendations for the continuous improvement of the internal audit activity.

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(E) **Tax Auditors:**

The committee shall:

- (i) consider and make recommendations to the board, in relation to the appointment, re-appointment and removal of the company's Tax Auditor;
- (ii) approve remuneration of Tax Auditor
- (iii) review the findings of the audit with the Tax Auditor. This shall include but not be limited to, the following:
 - discussion of any major issues which arose during the audit; and
 - review Tax Audit Report

(F) **Compliance:**

- (i) Review and approve Compliance Charter annually and also approve formulation, abolition or amendment of rules on compliance related matters or compliance related policies (subject to prior approval of ORIX Corp / ORIX Corp's Global General Counsel's Office)
- (ii) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of findings / investigation of compliance department and follow-up (including disciplinary action) of any instances of noncompliance.
- (iii) Review the findings / observation of any inspection / examinations carried out by regulatory agencies or any notice received from regulatory authorities concerning violation of any law.
- (iv) Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- (v) Obtain regular updates from compliance head regarding compliance matters.
- (vi) Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company's compliance function

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- (vii) Consider whether the controls established to prevent fraud and illegal acts are adequate so as to ensure all major cases of fraud/illegal acts are reported to Audit Committee

(G) **Organizational Governance:**

To obtain reasonable assurance with respect to the organization's governance process, the Audit Committee shall review and provide advice on the governance process established and maintained within the organization and the procedures in place to ensure that they are operating as intended.

(H) **Risk Management:**

To obtain reasonable assurance with respect to the organization's risk management practices, the Audit Committee shall annually review the organization's risk profile

(I) **Whistleblowing and Fraud:**

The Committee shall:

- (i) review the company's procedures for detecting fraud;
- (ii) review the company's systems and controls for the prevention of Bribery Anti-Corruption (ABAC) and receive reports on non-compliance;
- (iii) Review Whistle Blower reports under Whistle Blower Policy and / or Vigil Mechanism
- (iv) Institute and oversee special investigations as needed.

(J) **Litigation Review:**

- (i) To review report of Managing Director on litigation against or by the Company involving debt or claim upto JPY 100 Mn;
- (ii) To review and recommend to the Board of Directors for actions with regard to litigation against or by the Company involving debt or claim over JPY 100 Mn (subject to prior approval of ORIX Corp)

Note:

Progress and Final Report about **Important Legal Dispute** must be approved by ORIX Corp. Important legal disputes refers to the following:



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(i) The legal dispute is for JPY100 Mn and more, regardless OAS's/OLFS's position as plaintiff or defendant.

(ii) The legal dispute could have significant impact on OAS's / OLFS's profile for many years, even if it is for less than JPY100 Mn i.e. The legal dispute must be reported to ORIX Corp if it could have a significant impact on the Company.

(K) Other Responsibilities:

(i) To review and update this Charter annually.

(ii) Perform other activities related to this charter as requested by the governing body.

(iii) The audit committee shall report to the Board of Directors annually, summarizing the Audit Committee's activities and recommendations. The report may be delivered during an Audit Committee meeting attended by the Board or during a regularly scheduled meeting of the board. The report should include summary of the work the audit committee performed to fully discharge its responsibilities during the preceding year.

(II) Nomination and Remuneration Committee: The key responsibilities of the Committee are:

(A) Reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval.

(B) Examining the qualification, knowledge, skill sets, positive attributes and experience of each director and their effectiveness to the Board on a yearly basis.

(C) Scrutinizing nominations for Independent/Non-Executive/Executive Directors with reference to their qualifications and experience and provide its recommendation to the Board for appointment/removal/filling of vacancies.

(D) To recommend to the Board of Directors about remuneration of Directors including Managing Director.

(E) To lay down criteria in relation to appointment and removal of Directors and KMP.



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- (F) To identify the persons who are qualified to become Directors and KMP and recommendation to the Board for their appointment and/or removal.#

#Directors and Chief Financial Officer (KMP), who signs of Annual Financial statement requires ORIX Corporation's prior approval.

- (G) To identify the persons who are qualified to become Senior Accounting Officer *[who signs of sworn statement over Annual Financial Information]* for his/her appointment and/or removal.*

**To be pre-approved by ORIX Corporation.*

- (H) To determine / lay down criteria for increase in remuneration of KMPs and SMP based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- (I) To carry out evaluation of the performance of the Board of the Company, Committees of the Board and individual Directors of the Company.
- (J) To carry out evaluation of KMP and SMP and approve their elevation to next level depending on their performance.
- (K) To lay down criteria for payment of incentives to KMP and SMP and approve payment of incentives to them.
- (L) To note the incentives and commission schemes for employees other than SMPs and KMPs approved by the Managing Director.
- (M) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- (N) Formulate the Nomination and Remuneration Policy and recommend to the Board of Directors for approval.
- (O) Ensure fit and proper criteria of Directors.
- (P) To review and update Nomination and Remuneration Committee Charter annually.



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(III) Treasury and Asset Liability Management Committee: The key responsibilities of the Committee are:

- (A) Setting of / preparing funding policy.
- (B) Pricing of products for both deposits and advances.
- (C) Fixing of desired maturity profile and mix of the incremental assets and liabilities.
- (D) Collecting information about the prevailing interest rates offered by other peer NBFC for the similar services/products.
- (E) Reviewing the results and progress in implementation of the decisions made in the previous meeting.
- (F) To articulate the current interest rate view.
- (G) To develop a view on future direction of interest rate movements and decide on funding mixes between fixed v/s. floating rate funds, money market vs. capital market funding, domestic vs. foreign currency funding, etc.
- (H) Establishment of relations with bankers / financial institutions / companies for borrowing transactions (new or renewal).
- (I) To approve borrowings from various Banks, Financial Institutions and Companies upto such amount as the Shareholders may authorise, from time to time, in the ordinary course of business. *To be pre-approved by ORIX Corp.*
- (J) To raise money as and by way of Loan or Debentures (Secured / Unsecured / Convertible / Non-Convertible) or through Inter Corporate Deposit or Commercial Papers or through any other resources as may be necessary either from Domestic or International Market. *To be pre-approved by ORIX Corp.*
- (K) To approve purchase and /or sale and assignment of receivables arising out of lease rentals and / or loan / hire purchase instalments whether with or without underlying assets. *To be pre-approved by ORIX Corp.*
- (L) To report on funding transactions and activities (borrowings, commitment lines, guarantee amounts, derivative transactions, ALM related items and covenant compliance matters).



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(M) Allotment of securities as defined under Securities Contracts (Regulation) Act, 1956:

- (i) To approve allocation / allotment of shares, debentures and other securities not exceeding the amount of issue approved by the Board of Directors of the Company from time to time.
- (ii) To approve allotment of securities from time to time.
- (iii) To affix or authorize affixation of Common Seal of the Company on the security certificates of the company; and
- (iv) To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

(N) To review and update Treasury and Asset Liability Management Committee Charter annually.

(IV) Executive Committee: The key responsibilities of the Committee are:

(A) Credit (Approval of Credit facilities to the Lease Customers /Borrowers of the Company including Government Companies:

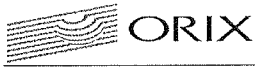
- (i) Approval of Credit Proposals of Financial Lease Business; Equipment Lease Business; Commercial Vehicle Loan Business; and Term Loan to Body Corporates as per the limits prescribed in the Charter.

(B) Setting Residual Value and Maintenance Budget for Leased Vehicle:

- (i) Setting up of Residual Value Policy.
- (ii) Setting up / alteration of Residual Value of Vehicles and Maintenance budget of Vehicles (Per KM Maintenance Cost) for leased vehicles.
- (iii) Delegate powers of the Committee to the Executives of the Company with regard to:

➤ Increase in Residual Value as below:

- Business Heads may be authorised to increase RV of a vehicle by 5% over existing RV Grid.



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- Managing Director may be authorised to increase RV of vehicle by 8% over existing RV Grid.
- Any increase in RV of any vehicle > 8% over existing RV Grid to be approved by any two Members of the Committee.
- Decrease in Per KM Maintenance Cost of the Vehicles, as setup and approved by the Committee referred in point no (2) above, depending on the prevailing market conditions and to suit offering of competitive quotes and to make transaction process more efficient as below:
 - Slab 1 – may be approved by Branch Head.
 - Slab 2 - may be approved by Business Head
 - Slab 3 - may be approved by Managing Director.
 - Slab 4 - may be approved by the Committee.

Note: The Business Head should monitor and report the transactions approved, based on the above Slabs, in the next Committee meeting.

(C) Capital Expenditure for Business Operations:

- (i) Acquisition and Disposal of Fixed Assets (for single purpose excluding operating assets and Computer Hardware and Software CAPEX) over **JPY 20 Mn** and **up to JPY 100 Mn** *subject to prior approval of ORIX Corp.*

(D) General Administration:

- (i) To note waiver of income/reversals approved by Director or Managing Director.
- (ii) To note non-performing Assets (NPA) occurrence (Client or Clients group) of receivables as approved by the Managing Director up to INR 6 Mn.
- (iii) To approve non-performing Assets (NPA) occurrence (Client or Clients group) receivables over INR 6 Mn and reporting the same to ORIX Corporation post approval.



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- (iv) Rescheduling of non-performing receivables (Client or Client's group):
 - Total receivables **up to INR 6.0 Mn**; and
 - Total receivables over **INR 6.0 Mn** *subject to prior approval of ORIX Corp.*
- (v) Recommend to the Board for approval of Write off:
 - Total receivables **up to INR 3.1 Mn** (Client or Client's group);
 - Total receivables Over **INR 3.1 Mn** and **up to INR 7.8 Mn** (Client or Client's group) *subject to prior approval of ORIX Corp (HQ); and*
 - Total receivables over **INR 7.8 Mn** (Client or Client's group) *subject to prior approval of ORIX Corp (ICC).*
- (vi) To consider and approve opening of New Bank Accounts (Current Account / Cash Credit Account / Overdraft Account) and also approve change in various Authorised Signatories and their respective empowerment for signing cheques / various instruments for and on behalf of the Company.
- (vii) To note Principal and Agency Agreement approved by MD.
- (viii) To approve general expenditure (for single purpose) over INR 10 Mn.
- (ix) To consider and approve closure of Bank Accounts.
- (x) Lease and/or rental (excluding operating assets and Computer Hardware and Software OPEX) expenses (including real estate for Company's use) where annual rental is over JPY 10 Mn subject to prior approval of ORIX Corp.
- (xi) Disposal of Fixed Assets (for single purpose excluding operating assets) over JPY 20 Mn and up to JPY 100 Mn subject to prior approval of ORIX Corp.



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(E) Other functions:

- (i) Perform such other functions as may be necessary or appropriate for the performance of its duties and as are delegated to it by the Board.
- (ii) To review and update Executive Committee Charter annually.

(V) Risk Management Committee: The key responsibilities of the Committee are:

- (A) Risk planning.
- (B) Risk assessment & monitoring – Economy Review, Industry Review, Portfolio Review, Rating.
- (C) Risk systems (MIS and IT system integration).
- (D) Risk reporting – Keeping the Board informed at regular intervals of credit, market and operational Risk Profile of the Company.
- (E) To decide and delegate powers of Executive Committee of Board (EXCO) [only Credit related matters amongst the individual in credit department] with regard to person and amount.
- (F) To approve Policy on outsourcing and carrying out any amendments, from time to time.
- (G) Laying down appropriate approval authority structure for outsourcing of activities depending on risks and materiality.
- (H) Deciding on business activities of a material nature to be outsourced and approving such arrangements.
- (I) Review of central record of all material outsourcing of Financial Services maintained by the Company.
- (J) To lay down internal rules, policies, processes and regulations with regard to Credit authorisations and delegate it to the executives of the Company.
- (K) To review and update Risk Management Committee Charter annually.

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(VI) **CSR Committee:** The key responsibilities of the Committee are:

- (A) To formulate & update a CSR Policy and seek recommendation of the Board on the CSR activities to be undertaken by the Company.
- (B) To suggest areas of intervention & approve projects for CSR activities.
- (C) Put monitoring mechanisms in place to track the progress of each project.
- (D) To approve CSR expenditure in accordance with the Companies Act, 2013 including the Rules and Schedules framed thereunder and the CSR Policy of the Company referred to in clause (1).
- (E) To review and update Corporate Social Responsibility Committee Charter annually.

(VII) **IT Strategy Committee:**

- (A) To work in partnership with other Board committees and Senior Management to provide input to them.
- (B) To carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. Its deliberations may be placed before the Board.
- (C) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- (D) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- (E) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- (F) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- (G) Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.



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- (H) To institute an effective governance mechanism and risk management process for all IT outsourced operations.
- (I) In respect of IT outsourced operations, if any shall include:
 - (i) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner.
 - (ii) Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
 - (iii) Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements.
 - (iv) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
 - (v) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board.
 - (vi) Periodically reviewing the effectiveness of policies and procedures.
 - (vii) Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis.
 - (viii) Ensuring an independent review and audit in accordance with approved policies and procedures.
 - (ix) Ensuring that contingency plans have been developed and tested adequately.
 - (x) NBFC should ensure that their business continuity preparedness is not adversely compromised on account of outsourcing. NBFCs are expected to adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the outsourced service



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provider maintains readiness and preparedness for business continuity on an ongoing basis.

(J) To review and update IT-Strategy Committee Charter annually.

(VIII) IT Steering Committee:

(A) Operating at an executive level and focusing on:

- (i) Priority setting,
- (ii) Resource Allocation and
- (iii) Project Tracking.

(B) To provide oversight and monitoring of the progress of the project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable.

(C) To review and update IT Steering Committee Charter annually.

(3) Attendance of the Committees of Directors:

<u>Committees</u>	<u>Audit</u>	<u>Nomination & Remuneration Committee</u>	<u>Treasury & Asset Liability Committee</u>	<u>Executive Committee</u>	<u>Risk Management Committee</u>	<u>Corporate Social Responsibility Committee</u>	<u>IT Strategy Committee</u>	<u>IT Steering Committee</u>
No of Meetings	5	3	4	2	2	1	2	2
<u>Members</u>								
Mr. Nagesh Dubey	5	3	NA	NA	NA	NA	NA	NA
Mr. Abhay Kakkar	5	3	NA	NA	NA	1	2	2
Mr. Sandeep Gambhir	NA	NA	4	2	2	1	2	2
Mr. Takehiro Onishi	4	2	2	1	1	NA	NA	NA
Mr. Yoshiaki Matsuoka	NA	NA	NA	NA	NA	NA	NA	NA
Mr. Takashi Nakayama	1	1	2	1	1	NA	NA	NA
Mr. Ryohei Suzuki	NA	3	4	2	2	1	2	2
Mr. Vivek Wadhera	NA	NA	NA	NA	NA	NA	2	2



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Mr. Harvinder Gandhi	NA	NA	NA	NA	NA	NA	2	2
Mr. Sandeep Sinha	NA	NA	NA	NA	NA	NA	2	2
Mr. Dipankar Sen	NA	NA	NA	NA	NA	NA	2	2
Mr. Jay Gandhi	NA	NA	NA	NA	NA	NA	2	2
Mr. Gaurav Bhatia	NA	NA	NA	NA	NA	NA	2	2

(IV) Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met separately on March 10, 2022 to review the performance of Non-Independent Directors, Chairperson of the Company, the Board as a whole and the flow of information between the Board and the management.

Sitting fees was paid to all the Independent Directors of the Company for attending the meetings of Board of Directors and Committee meeting, wherever they are members. The Sitting fees have been approved to Rs. 50,000/- per Board Meeting and Rs. 20,000/- per meeting for Committee meetings with effect from May 24, 2018.

(V) Board Performance Evaluation Mechanism:

The Nomination and Remuneration Committee (NRC) had approved a framework for performance evaluation of the Board of Directors, its committees and the individual Board members.

As part of the framework, structured questionnaires were prepared after taking into consideration the inputs received from the Directors and NRC. These questionnaires cover various aspects of the Board's functioning including composition and quality, culture, roles and responsibilities, processes and functioning, execution and performance to specific duties, obligations and governance. The questionnaires consist of evaluation of Board of Directors, Committees of Board of Directors and the individual Board members by NRC. Further pursuant to Clause VIII of Schedule IV of the Companies Act, 2013, separate evaluation of Independent Directors by all the Directors the director being evaluated) of the Company was also carried out.

The evaluated questionnaires along with rating received were reviewed in the below manner:

- (a) The questionnaires for evaluation of (i) Board of Directors, (ii) Committees of Board of Directors and the (iii) individual Board members were reviewed



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by the NRC and noted by the Board of Directors in their meeting held on March 22, 2022.

- (b) The performance of Independent Directors were also reviewed and noted by the Board of Directors in their meeting held on March 22, 2022.

(VI) General Meetings:

Meeting	Date and Time	Venue	Resolutions passed
15 th – Annual General Meeting	September 28, 2021 at 11:00 am	Audio-Video Conferencing (The deemed venue of the Meeting was Registered office of the Company located at Mumbai)	<p>Ordinary Businesses:</p> <ol style="list-style-type: none"> (1) Adoption of the Audited Financial Statement of the Company for the year ended March 31, 2021. (2) Re-appointment of Mr. Ryohei Suzuki (08218888) who retired by rotation as a Director of the Company. (3) Appointment of Statutory Auditors of the Company. <p>Special Business:</p> <ol style="list-style-type: none"> (4) Appointment of Mr. Shin Hamada (DIN 09100127) as Director of the Company. (5) Appointment of Mr. Takashi Yamasaki (DIN 09238975) as Director of the Company.
19 th Extra-Ordinary General Meeting	April 30, 2021 at 10:30 am	Audio-Video Conferencing (The deemed venue of the Meeting was Registered office of the Company located at Mumbai)	<p>Special Business:</p> <ol style="list-style-type: none"> (1) Appointment of Mr. Takehiro Onishi (DIN 09019630) as Director of the Company. (2) Reappointment of Mr. Sandeep Gambhir (DIN: 00083116) as Managing Director of the Company. (3) Approval and adoption of new set of Articles of Association of the Company.



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(VII) Shareholding pattern as at March 31, 2022:

Name of Shareholder	No. of equity shares held
ORIX Auto Infrastructure Services Ltd. (OAIS)	100,935,831
Individual and OAIS	70
Total (Issued & Paid-up Shares)	100,935,901

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Annexure-F

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs – The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 which outlines its CSR objectives and the manner in which it will be implemented. Various projects are within the framework of Schedule VII of the Companies Act, 2013. The web link to the CSR policy is at <https://www.orixindia.com/pdf/OLFS-policy/corporate-governance/policy/CSRPolicy.pdf>

- (2) Composition of the CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	*Mr. Ryohei Suzuki	Chairman of CSR Committee (Director)	1	1
2.	Mr. Sandeep Gambhir	Member (Managing Director)	1	1
3.	Mr. Abhay Kakkar	Member (Independent Director)	1	1

*Mr. Takashi Yamasaki, Director was appointed as Chairman of CSR committee in place of Mr. Ryohei Suzuki vide resolution passed by Board of Directors dated May 09, 2022.

- (3) Web-link of Composition of CSR committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company - [ORIX - OLFS: Reports & Filings \(orixindia.com\)](https://www.orixindia.com)
- (4) Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable - **Not Applicable.**

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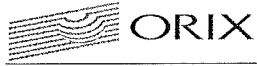
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(c) Details of CSR amount spent against other than ongoing projects for the financial year 2021-2022:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State.	District			Name	CSR Registration No.
1.	Empowering marginalized adolescents and youth by bridging the digital and linguistic divide at Bandra East, Mumbai, Maharashtra.	Promoting Education and employment enhancing vocation skills.	Yes	Maharashtra	Mumbai	5,00,000	No	Sujaya Foundation	CSR00001235
2.	Education of Children in Thematic area, Mumbai, Maharashtra.	Promoting Education	Yes	Maharashtra	Mumbai	7,11,000	No	Child Rights and You	CSR00000805
3.	Sanitation facility i.e. construction of 6 Blocks of Toilets for Abhinav Vidyamandir School located at Kasgaon, Murbad Taluka in Thane district, Maharashtra.	Sanitation and Preventive Health Care.	Yes	Maharashtra	Thane	6,22,125	No	Social Upliftment and Development for Health Action (SUADHIA)	CSR00007756
4.	Donation for utilization for Dialysis patients	Promoting Health care	Yes	Maharashtra	Mumbai	16,00,000	No	Shree Kandivali Hithwardhak Mandal	CSR00016192
5.	Education of underprivileged	Promoting Education	Yes	Maharashtra	Palghar	8,00,000	No	Shiksha Foundation	CSR00002673



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	Children in the school								
6.	Providing food and nutrition supplements to children fighting with cancer	Promoting Health care	No	Telangana	Hyderabad	16,00,000	No	Cuddles Foundation	CSR00001473
7.	Purchase of Medical Equipments for Skull base for Tata Memorial hospital located in Mumbai	Promoting Health care including Preventive Health Care.	Yes	Maharashtra	Mumbai	17,00,000	No	Tata Memorial	CSR00001287
8.	Supporting the education programme for students of Standard V, located at Kherwadi Municipal School, Bandra East, Mumbai.	Promoting Education	Yes	Maharashtra	Mumbai	7,00,000	No	Aseema Charitable Trust	CSR00004000
9.	Supporting Community entrepreneurs (50% Women) by creating a vibrant startup and innovation ecosystem in underserved areas in Deoria district in eastern Uttar Pradesh.	Rural Development Projects	No	Uttar Pradesh.	Deoria	16,00,000	No	Jagriti Sewa Sansthan	CSR00004047
10.	Rotary Blood Bank	Promoting health care including Preventing health care	Yes	Gurugram	Haryana	16,00,000	No	Rotary Club of Gurgaon South City Community Services Society	CSR00017585



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11	Students Education Sponsorship in rural backward areas of Karnataka	Promoting Education	No	Udipi	Karnataka	5,00,000	No	Nisvartha Foundation	CSR00003331
12	Early Intervention Centre for Children with Special Needs	Promoting health care	Yes	New Delhi	Delhi, NCR	6,53,651	No	Sarthak Educational Trust	CSR00001093
13	Project Vriksha, Gurugram, Haryana	Environmental sustainability	Yes	Gurugram	Haryana	9,90,000	No	National Association for the Blind Employment and Training Manesar	CSR00001947
Total						1,35,76,776			

(d) Amount spent in Administrative Overhead – Nil

(e) Amount spent on Impact Assessment, if applicable – Not Applicable

(f) Total amount spent for the Financial Year 2021-2022(8b+8c+8d+8e) - **Rs. 13,576,776/-**

(g) Excess amount for set off, if any.

Sl. No	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	13,576,776
(ii)	Total amount spent for the Financial Year	13,576,776
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0



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- (9) (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
Not Applicable							

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year (in Rs.).	Status of the project - Completed /Ongoing
Not Applicable								

- (10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.

(asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s) - Not Applicable
(b) Amount of CSR spent for creation or acquisition of capital asset - Not Applicable
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Not Applicable
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). - Not Applicable



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

By Order of the Board of Directors

ORIX Leasing & Financial Services India Ltd.

TAKASHI Digitally signed
by TAKASHI
YAMASA YAMASAKI
Date: 2022.06.27
KI 16:14:51 +05'30'

Takashi Yamasaki
Chairman CSR Committee
DIN: 09238975

SANDEEP Digitally signed
by SANDEEP
GAMBHIR GAMBHIR
Date: 2022.06.27
16:10:16 +05'30'

Sandeep Gambhir
Managing Director
DIN: 00083116

Place: Delhi

Date: June 27, 2022

Dass Gupta & Associates

CHARTERED ACCOUNTANTS

40-P, Sector-40, Gurgaon (Haryana) Tel.:0124-4084040 E-mail: raaja@dassgupta.in

Independent Auditors' Report

To the Members of
ORIX Leasing & Financial Services India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ORIX Leasing & Financial Services India Limited ("the Company"), which comprise the balance sheet as at 31 March 2022, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Managements and Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

Independent Auditors' Report (*Continued*)

ORIX Leasing & Financial Services India Limited

Managements and Board of Directors' Responsibility for the Financial Statements (Cont.)

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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.

Independent Auditors' Report (Continued)

ORIX Leasing & Financial Services India Limited

Auditor's Responsibilities for the audit of the Financial Statements (Cont.)

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

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 (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on 31 March 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 36.1 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts during the year.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Independent Auditors' Report (Continued)

ORIX Leasing & Financial Services India Limited

Report on Other Legal and Regulatory Requirements (Cont.)

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

For Dass Gupta & Associates

Chartered Accountants

(Firm Regn. No. 000112N)

**RAAJA
JINDAL**

Digitally signed by
RAAJA JINDAL
Date: 2022.06.27
21:14:24 +05'30'

(Raaja Jindal)

Partner

M.No.504111

UDIN : 22504111ALSRTZ2465

Place: New Delhi

Date : 27th June, 2022

Annexure A to the Independent Auditors' Report on the Financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022

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

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ("PPE") and relevant details of right-of-use assets. The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) and intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988 as amended in 2016) and rules made thereunder. (Refer note 56 to the financial statements)
- ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.
- (b) During the year, the Company has availed sanctioned working capital limit in excess of Rs. 5 crores from Banks or Financial Institutions on the basis of security of current assets. Based on our examination of the records of the company, the quarterly returns/ statements filed by the company with the said bank, are in agreement with the books of accounts maintained by the Company.
- iii. (a) Since the Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(a) of the Order is not applicable to it.
- (b) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934. In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees, provided during the year are, prima facie, not prejudicial to the Company's interest.

Annexure A to the Independent Auditors' Report on the Financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022 (Continued)

- (c) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
 - (d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
 - (e) Since the Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(e) of the Order is not applicable to it.
 - (f) Based on our audit procedures, according to the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.
- iv. According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company being a non-banking financial company registered with the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for the business activities carried out by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

Annexure A to the Independent Auditors' Report on the Financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022 (Continued)

vii. (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues relating to amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income- tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year.

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, duty of customs, cess and any other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have dues which have not been deposited as on March 31, 2022, except for the following:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is Pending
Income Tax Act, 1961	Income Tax	1,82,11,940	AY 2012-13	Commissioner of Income Tax (appeals) Mumbai
Income Tax Act, 1961	Income Tax	5,63,20,230	AY 2013-14	Deputy Commissioner of Income Tax (Mumbai)
Income Tax Act, 1961	Income Tax	89,99,596	AY 2014-15	Assistant Commissioner of Income Tax (appeals) Mumbai
Income Tax Act, 1961	Income Tax	2,38,13,398	AY 2017-18	Assistant Commissioner of Income Tax (appeals) Mumbai
Value Added Tax Act	VAT	3,85,59,650	AY 2012-13 and AY 2013-14	Additional/Joint Commissioner of Sales Tax, Delhi
Value Added Tax Act	VAT	24,58,111	AY 2011-12	Joint Commissioner of Sales Tax, Maharashtra
Value Added Tax Act	VAT	69,61,825	AY 2012-13	Joint Commissioner of Sales Tax, Maharashtra
Value Added Tax Act	VAT	19,79,842	AY 2018-19	Deputy Commissioner of Sales Tax, Maharashtra
Value Added Tax Act	VAT	1,43,19,502	AY 2017-18	Deputy Commissioner of Sales Tax, Maharashtra
Goods & Services Tax Act	TRAN-1 ITC Reversal	2,68,48,810	AY 2018-19	Deputy Commissioner of Sales Tax, Maharashtra

Annexure A to the Independent Auditors' Report on the Financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022 (Continued)

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans from bank during the year for the purposes for which they were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) & (f) The company has not taken any funds from any entity or person on account of or to meet the obligations of its associate. The Company does not have any subsidiaries, joint ventures and associate companies.
- x. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any moneys raised by way of further public offer (including debt instruments) during the current financial year. In our opinion, monies raised by the Company by way of term loans were applied for the purposes for which those were obtained.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment of equity shares during the year. Accordingly, paragraph 3(X(b)) is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit,
- (b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government for the year under audit. However, there are outstanding frauds on the Company pertaining to preceding financial years which are reported to the Reserve Bank of India on quarterly basis.
- (c) We have taken into consideration the whistle blower complaints received by the company during the year while determining the nature, timing, and extent of our audit procedures.

Annexure A to the Independent Auditors' Report on the Financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022 (Continued)

- xii. The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
(b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) for the period under audit, issued to the Company during the year till date, in determining the nature, timing and extent of our audit procedures in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence provisions of section 192 of the Act, 2013 are not applicable to the Company.
- xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.
(b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
(c) According to the information and explanations given to us, the Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.
(d) As per information provided in course of our audit, the Group to which the Company belongs do not have any CIC's as defined in the Core Investment Companies (Reserve Bank) Directions, 2016.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. During the year, BSR & Co. LLP, Chartered Accountants the Statutory auditors of the Company have not reappointed. According to the information and explanations given to us, there have been no issues, objections or concerns raised by the said outgoing statutory auditors of the Company.

Annexure A to the Independent Auditors' Report on the Financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022 (Continued)

- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in Note 40 to the financial statements which describe the maturity analysis of assets & liabilities other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, there is no unspent amount pertaining to the year under report which requires transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.
- xxi. Information of qualification remarks is not applicable on the Company as the Company did not have any subsidiaries, associates and joint venture.

For Dass Gupta & Associates

Chartered Accountants
(Firm Regn. No. 000112N)

RAAJA
JINDAL

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by RAAJA JINDAL
Date: 2022.06.27
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(Raaja Jindal)

Partner

M.No.504111

UDIN : 22504111ALSRTZ2465

Place: New Delhi

Date : 27th June, 2022

Annexure B to the Independent Auditors' report on the Financial Statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022.

Report on the internal financial controls with reference to the aforesaid Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of ORIX Leasing & Financial Services India Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note")

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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.

Annexure B to the Independent Auditors' report on the Financial Statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2022 (Continued)

Auditors' Responsibility (Continued)

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For Dass Gupta & Associates

Chartered Accountants
(Firm Regn. No. 000112N)

RAAJA
JINDAL

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Date: 2022.06.27
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(Raaja Jindal)

Partner

M.No.504111

UDIN : 22504111ALSRTZ2465

Place: New Delhi

Date : 27th June, 2022

ORIX Leasing & Financial Services India Limited

Balance sheet

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	2	2,752	2,735
(b) Bank balances other than (a) above	3	109	92
(c) Trade receivable	4	1,151	1,194
(d) Loans	5	2,04,327	2,21,557
(e) Other financial assets	6	6,420	3,956
Total financial assets		2,14,759	2,29,534
2 Non-financial assets			
(a) Assets held for sale	7	1,974	91
(b) Current tax assets (net)	8	2,657	794
(c) Deferred tax assets (net)	9	7,217	6,658
(d) Property, plant and equipment	10	1,609	1,746
(e) Right-of-use assets	11	375	132
(f) Others intangible assets	12	194	202
(g) Other non-financial assets	13	9,424	3,903
Total non-financial assets		23,450	13,525
TOTAL ASSETS		2,38,209	2,43,060
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Trade Payables			
(i) Trade payables	14	-	3
- Total outstanding dues of micro and small enterprises		3,746	2,806
- Total outstanding dues of creditors other than micro and small enterprises		20,000	20,000
(b) Debt Securities	15	20,000	20,000
(c) Borrowings (other than debt securities)	16	1,44,292	1,52,790
(d) Lease liabilities	17	409	155
(e) Deposits	18	1,572	1,347
(f) Other financial liabilities	19	4,146	2,931
Total Financial liabilities		1,74,165	1,80,032
2 Non-financial liabilities			
(a) Current tax liabilities (net)	20	74	258
(b) Provisions	21	358	262
(c) Other non-financial liabilities	22	384	647
Total non-financial liabilities		816	1,167
3 Equity			
(a) Equity share capital	23	10,094	10,094
(b) Other equity	24	53,134	51,767
Total Equity		63,228	61,861
TOTAL EQUITY & LIABILITIES		2,38,209	2,43,060
Significant accounting policies	1		

The accompanying notes are an integral part of these Financial Statements

As per our report of even date attached

For Dass Gupta & Associates

Chartered Accountants

Firm's Registration No: 000112N

RAAJA JINDAL
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RAAJA JINDAL
Date: 2022.06.27
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Raaja Jindal

Partner

Membership No: 504111

New Delhi
27 June 2022

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited

SANDEEP GAMBHIR
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by SANDEEP
GAMBHIR
Date: 2022.06.27
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Sandeep Gambhir
Managing Director
(DIN - 00083116)

VIVEK WADHERA
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VIVEK WADHERA
Date: 2022.06.27
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Vivek Wadhera
CFO

TAKASHI YAMASAKI
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Date: 2022.06.27
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Takashi Yamasaki
Director
(DIN - 09238975)

MEETA SAGAR SANGHVI
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Date: 2022.06.27 19:03:07
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Meeta Sanghvi
Company Secretary

ORIX Leasing & Financial Services India Limited

Statement of profit and loss

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

	Particular	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
I	Revenue from operations			
	(i) Interest income	25	22,792	31,340
	(ii) Fees and commission income	26	1,011	671
	(iii) Net gain on fair value changes	27	276	95
	(iv) Sales of services	28	1,097	1,208
	Total revenue from operations		25,176	33,314
II	Other Income	29	556	488
III	Total income (I + II)		25,732	33,802
IV	Expenses			
	(i) Finance costs	30	11,800	14,766
	(ii) Impairment on financial instruments	31	6,190	5,642
	(iii) Employee benefit expenses	32	3,260	3,294
	(iv) Depreciation, amortisation and impairment	33	896	947
	(v) Other expenses	34	2,574	2,676
	Total expenses (IV)		24,720	27,325
V	Profit before tax (III-IV)		1,012	6,477
VI	Tax Expenses			
	(i) Current tax		1,261	2,918
	(ii) Tax expenses relating to prior years		(1,081)	-
	(iii) Deferred tax		(554)	(1,203)
	Current tax expenses relating to prior years			
	Total Tax		(374)	1,715
VII	Profit for the year		1,386	4,762
VIII	Other Comprehensive Income			
A	Items that will not be reclassified to profit or loss			
	Remeasurements of post-employment benefit obligation		(23)	(4)
	Income tax related to items that will not be reclassified to profit or loss		4	(1)
	Others Comprehensive income for the year		(19)	(5)
IX	Total Comprehensive income for the year		1,367	4,767
X	Earnings per equity share (Face value ₹ 10 per share)	35		
	(i) Basic (Rupees)		1.35	4.72
	(ii) Diluted (Rupees)		1.35	4.72

Significant accounting policies

1

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Dass Gupta & Associates

Chartered Accountants

Firm's Registration No: 000112N

RAAJA JINDAL
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by RAAJA JINDAL
Date: 2022.06.27
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Raaja Jindal

Partner

Membership No: 504111

New Delhi
27 June 2022

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited

SANDEEP GAMBHIR
Digitally signed
by SANDEEP
GAMBHIR
Date:
2022.06.27
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Sandeep Gambhir
Managing Director
(DIN - 00083116)

VIVEK WADHERA
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VIVEK WADHERA
Date: 2022.06.27
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Vivek Wadhera
CFO

TAKASHI YAMASAKI
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Date: 2022.06.27
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Takashi Yamasaki
Director
(DIN - 09238975)

MEETA SAGAR SANGHVI
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Date: 2022.06.27
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Meeta Sanghvi
Company Secretary

ORIX Leasing & Financial Services India Limited

Statement of Changes in Equity (SOCIE)

(All amounts are in INR Lakhs, except as stated)

(a) Equity share capital

	As at 31 March 2022	As at 31 March 2021
	Amount	Amount
Balance at the beginning of the reporting year	1,00,93,59,010	1,00,93,59,010
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	1,00,93,59,010	1,00,93,59,010

(b) Other equity

Particulars	Reserves & Surplus				Total
	Statutory Reserve	Securities premium	Retained earnings	Other comprehensive income	
Balance at 1 April, 2020	3,528	30,303	13,280	(109)	47,001
Profit for the year	-	-	4,762	5	4,767
Total comprehensive income for the year	-	-	4,762	5	4,767
Transfer to Statutory Reserve	953	-	(953)	-	-
Balance at 31 March, 2021	4,481	30,303	17,089	(105)	51,767

Particulars	Reserves & Surplus				Total
	Statutory Reserve	Securities premium	Retained earnings	Other comprehensive income	
Balance at 1 April, 2021	4,481	30,303	17,089	(105)	51,767
Profit for the year	-	-	1,386	(19)	1,367
Total comprehensive income for the year	-	-	1,386	(19)	1,367
Transfer to Statutory Reserve	277	-	(277)	-	-
Balance at 31 March, 2022	4,758	30,303	18,197	(124)	53,134

The above statement of changes in equity should be read in conjunction with the accompanying notes.

For Dass Gupta & Associates

Chartered Accountants

Firm's Registration No: 000112N

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RAAJA JINDAL
Date: 2022.06.27
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Raaja Jindal

Partner

Membership No: 504111

New Delhi
27 June 2022

SANDEEP GAMBHIR
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SANDEEP GAMBHIR
Date: 2022.06.27
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Sandeep Gambhir

Managing Director

(DIN - 00083116)

VIVEK WADHERA
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VIVEK WADHERA
Date: 2022.06.27
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Vivek Wadhwa

CFO

For and on behalf of the Board of Directors

ORIX Leasing & Financial Services India Limited

TAKASHI YAMASAKI
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TAKASHI YAMASAKI
Date: 2022.06.27
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Takashi Yamasaki

Director

(DIN - 09238975)

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Date: 2022.06.27
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Meeta Sanghvi

Company Secretary

ORIX Leasing & Financial Services India Limited

Cash flow statement

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flow from operating activities		
Profit Before Tax	1,012	6,477
Adjustments		
Depreciation, amortisation and impairment	896	947
(Profit)/loss on sale of property, plant and equipment	3	(4)
Provision for gratuity and leave encashment	73	83
Loss allowance ECL	1,216	3,991
Sundry balances written off	4	10
Bad debts	3,743	-
Liabilities / provisions no longer required written back	(52)	(68)
Interest on lease liability	28	21
Net operating cash flow before working capital changes	6,923	11,457
Adjustments for working capital changes:		
(Increase) / Decrease in trade receivable	43	(533)
Decrease in loans	17,279	23,185
(Increase) in other financial assets	(2,464)	(804)
(Increase) / Decrease in inventories	(1,883)	(71)
(Increase) / Decrease in other non-financial assets	(5,522)	1,011
(Increase) / Decrease in trade payables	937.07	703
(Increase) / Decrease in deposits	224	98
(Increase) / Decrease in other financial liabilities	1,216	803
(Increase) / Decrease in Provisions	(4,959)	(3,966)
Decrease in other non-financial liabilities	(264)	176
(Increase) / Decrease in Loans and advances from related party	214	331
Net cash used in operating activities before taxes	11,744	32,390
Less: Taxes paid (net of refunds)	(2,227)	(2,133)
Cash flows used in operating activities -A	9,517	30,257
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,256)	(517)
Proceeds from sale of property, plant and equipment	259	331
Investment in fixed deposits	(171)	(148)
Redemption in fixed deposits	153	143
Net cash used in investing activities-B	(1,015)	(191)

ORIX Leasing & Financial Services India Limited

Cash flow statement (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flow from financing activities		
Proceeds from term loan & debt securities	97,813	1,01,859
Repayment of term loan & debt securities	(1,09,177)	(1,32,170)
Increase / (Decrease) in Lease Liability on principal component	253	(192)
(Decrease) Interest on lease liability	(28)	(21)
(Decrease) in Interest accrued but not due on borrowings	(106)	(614)
Increase in Cash Credit & overdraft facilities	2,759	40
Net cash flows generated from financing activities - C	(8,486)	(31,098)
Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	17	(1,031)
Cash & cash equivalents as at the beginning of the year	2,735	3,766
Cash and cash equivalents as at the end of the year (Refer Note 2 (a))	2,752	2,735

Cash flow from operating activities includes interest received of ₹ 22,792 (previous year ₹ 31,340) and interest paid of ₹ 11,800 (previous year ₹ 14,766).

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

For **Dass Gupta & Associates**

Chartered Accountants

Firm's Registration No: 000112N

RAAJA
JINDAL

Digitally signed by
RAAJA JINDAL
Date: 2022.06.27
21:23:09 +05'30'

Raaja Jindal

Partner

Membership No: 504111

New Delhi
27 June 2022

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited

SANDEEP
GAMBHIR

Digitally signed
by SANDEEP
GAMBHIR
Date: 2022.06.27
19:10:17 +05'30'

Sandeep Gambhir

Managing Director

(DIN - 00083116)

VIVEK
WADHERA

Digitally signed by
VIVEK WADHERA
Date: 2022.06.27
19:14:14 +05'30'

Vivek Wadhera

CFO

TAKASHI
YAMASAKI

Digitally signed by
TAKASHI YAMASAKI
Date: 2022.06.27
19:02:06 +05'30'

Takashi Yamasaki

Director

(DIN - 09238975)

MEETA SAGAR
SANGHVI

Digitally signed by
MEETA SAGAR SANGHVI
Date: 2022.06.27
19:04:28 +05'30'

Meeta Sanghvi

Company Secretary

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies

1.1 Company Overview

ORIX Leasing & Financial Services India Limited ("the Company") incorporated in India on 21 August 2006, is an Investment and Credit - Non - Banking Financial Company ('NBFC'), as defined under section 45 IA of the Reserve Bank of India Act, 1934. It is a wholly owned subsidiary of ORIX Auto Infrastructure Services Limited. ORIX Corporation, Japan is the ultimate holding Company. The Company provides financial services such as Finance Leasing of Passenger Cars, installment loans for Commercial Vehicles ("CV") and Loan against Property ("LAP") in India.

The Company's registered office is at Plot no.94, Marol Co. op. industrial estate, Andheri-kurla road, Andheri (E), Mumbai-400 059, Maharashtra, India.

1.2 Statement of compliance and basis of preparation & presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with the Companies Indian Accounting Standards (referred to as "Ind AS") Rules, 2015 as prescribed under section 133 of the Companies Act, 2013 ("the Act") and relevant amendment rules issued from time to time.

These financial statements were approved by the Company's Board of Directors and authorised for issue on 27 June 2022.

(b) Basis of preparation

These financial statements have been prepared in Indian Rupee (₹) which is the functional and presentation currency of the Company. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months. The statement of cash flows have been prepared under indirect method.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind-AS. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows.

1.3 Standards Issued but not Effective Yet

As at 31 March 2022, there are no standards which are issued but not effective.

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with the recognition and measurement principles of IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in the relevant disclosures. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

Estimated useful life of property, plant and equipment (PPE) and intangible asset - useful life of PPE and Intangible assets is reviewed at the end of each reporting period.

Estimation of defined benefit obligation - Key actuarial assumptions including salary escalation rate, discount rate, mortality rate, attrition rate.

Recognition of deferred tax assets on availability of future taxable income - availability of future taxable profit

Impairment of trade receivables and financial assets - The measurement of impairment losses on loan assets and commitments and trade receivables, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

The Company's Expected Credit Loss (ECL) calculation is the output of a model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

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

Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

The pandemic, including the second wave, continues to have a considerable impact on economic activities across the globe and the recovery is likely to be slow and hence the return to normalcy.

The final impact of the global health pandemic continues to be very uncertain and the actual impact on these financial results may be different than that estimated based on the conditions prevailing as at the date of approval of these financial statement. The management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

1.5 Revenue Recognition

The Company earns revenue primarily from providing passenger vehicles on Finance Lease, Finance installment loans for Commercial Vehicles and Loan against Property.

Income from operations is recognized on accrual basis.

Finance lease:

Finance income is apportioned over the period of primary lease at the Internal Rate of Return and in respect of Loans.

In respect of Maintenance Linked Lease ("MLL"), lease rentals are segregated between recovery for asset financed and maintenance charges. The Finance income is apportioned over the primary lease at Internal Rate of Return Method. The maintenance costs are recognised and accounted for as expenses as and when incurred.

Income arising out of modification in Finance Lease is recognised when the recoverability of the same is ascertained.

Initial Direct Cost which includes incremental employee cost for lease is amortised as expense over the lease period.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

Loan against hypothecation and Loan against property

Initial direct cost including origination fees, brokerage expenses, is amortised as income/expense on effective interest rate basis over the loan period.

Initial direct cost including incremental employee cost and credit evaluation cost is amortised as expense over the lease period.

Income arising out of delayed payment in Loans is recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Operating lease income

Lease income on an operating lease is recognized in the Statement of profit and loss on a straight-line basis over the lease term.

Other income

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

1.5 Property, plant and equipment

a. Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Cost comprises of cost of acquisition, cost of improvements and any directly attributable cost of bringing the assets to its working condition for its intended use.

b. The cost of fixed assets not ready for their intended use at the balance sheet date is disclosed under capital work in progress.

c. Land and Buildings are taken on a long-term composite lease. The Company has assessed the lease of land and building separately and concluded that both of these leases are finance leases in nature.

d. Assets given by the Company under operating lease are included in fixed assets.

e. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in the Statement of profit and loss in the year the asset is derecognised.

f. Subsequent costs incurred, after the asset is put to use, are generally maintenance costs or other statutory costs that do not increase useful life of asset and same are charged in the Statement of profit and loss.

g. Residual value, estimated useful life and method of depreciation are reviewed every year. Any change in these estimates are accounted as change in accounting estimates.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.5 Property, plant and equipment (*Continued*)

1.5.1 Depreciation / Amortisation:

Depreciation / Amortisation has been provided on straight line method at the rates prescribed under part “C” of Schedule II to the Companies Act, 2013, except for following assets. The useful life of the asset is the period over which the asset is expected to be available for the use to the Company:

Asset Type	Useful life
Furniture and fixtures	4-7 years
Vehicles	4 years
Commercial Vehicles under Operating Lease	6 years
Computer software	6 years

- a. Depreciation for the month of purchase is calculated in the proportionate period from the date of purchase and depreciation for the month of sale is calculated in the proportionate period till the date of sale.
- b. Fixed assets costing less than ₹ 5,000 are charged to the Statement of profit and loss.

1.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment.

Intangibles are capitalised at cost of acquisition including cost attributable to readying the asset for use. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortisation method and useful lives are reviewed periodically including at each financial year end.

Support and maintenance payable annually are charged to the statement of profit and loss

1.7 Financial instruments

1.7.1 Initial Recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.7 Financial instruments (*Continued*)

1.7.2 De-recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

1.7.3 Subsequent measurement

a. Financial instruments

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest the principal amount outstanding.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

v) Off setting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.7 Financial instruments (*Continued*)

b. Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.8 Fair value of financial instruments

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

1.9 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. The Company recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.9 Impairment (*Continued*)

For trade receivables, Company measures loss allowances using simplified approach. Stage wise loss rates have been imputed from loan portfolio as applicable in each of the other assets to arrive at the estimation of impairment for these assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in profit or loss.

b. Non-financial assets

Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.10 Write off

Loans and trade receivables are written off when the Company has no reasonable expectations of recovering the financial asset. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

1.11 Provisions, Contingent liability and Contingent assets

A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote.

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognized nor disclosed in the financial statements.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.12 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent measurement

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The difference on translation is charged to the Statement of profit and loss account.

1.13 Leases

The determination of whether an arrangement is a lease, as defined under IND AS 116, is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a Lessor

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Company as a lessee:

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense.

1.14 Asset retirement obligations ('ARO')

ARO is initially measured at the present value of expected cost to settle the obligation and accounted for in the books if found material.

1.15 Retirement and other employee benefits:

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment towards unavailed leave, compensated absence and other terminal benefits

i. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided at the undiscounted amount of the benefits expected to be paid in exchange for that service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.15 Retirement and other employee benefits: (*Continued*)

ii. Post-Employment Benefits

Define contribution plans

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

The Company has taken group gratuity- cum -life assurance scheme of Life Insurance Corporation of India for gratuity payable to the employees and incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss.

Define benefit plans

The Company's gratuity benefit scheme is defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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

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

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

Leave encashment

The employees can carry-forward a portion of the unutilised accrued leave encashment and utilise it in future service periods or receive cash compensation on termination of employment. Since the leave encashment do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such leave encashment in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

1.16 Taxation

Income tax expenses represents the sum of the tax currently payable and deferred tax.

Current Tax

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset as the Company has legally enforceable right to set off current tax assets against current tax liabilities.

Deferred Tax

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

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

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

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset as the Company has legally enforceable right to set off current tax assets against current tax liabilities.

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.16 Taxation (*Continued*)

Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has appointed a CEO, who assesses the financial performance and position of the Company, and makes strategic decisions of allocation of resources. Hence, CEO has been identified as being the chief operating decision maker.

Entity shall report separately information about operating segment that meets criteria as per IND AS 108.

1.18 Assignment

Assigned assets are derecognised only if the Company loses control of the contractual rights that comprise the corresponding pool or mortgages transferred. Transfer of pool or mortgages under the current scenario involves transfer of proportionate shares in the pools of mortgages. Such transfers result in de recognition only of that proportion of mortgages as to meet the derecognition criteria. The proportion retained by the Company continue to be accounted for as loans, as mentioned above. Retained interest on loan assigned is recognized upfront in the statement of Profit and Loss Account in the year of assignment. Any changes in retained interest in subsequent years due to change in interest rates, prepayments etc are recognized in the statement of Profit and Loss Account in the year it occurs.

1.19 Earnings per share

Basic earnings per share is 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 year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

1. Company Overview and Significant Accounting policies (*Continued*)

1.20 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand and as imprest, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

1.21 Borrowing costs

Borrowing costs (other than those that are attributable to the acquisition, construction or production of qualifying assets) are charged to the statement of profit and loss account in the period in which they are incurred.

1.22 Assets held for sale

Assets held for sale comprising of assets returned by customers and assets repossessed in case of default by the client in lending business. The same are valued at the lower of cost and net realizable value.

1.23 Commitments

Sanction and disbursement is a continuous activity. There may be few advances which are sanctioned during the year however not disbursed / delivered are disclosed as commitments.

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
2 Cash and cash equivalents		
Balance with Banks in current accounts	2,699	2,630
Cash on hand	53	88
Cheques, drafts on hand	0	17
	<u>2,752</u>	<u>2,735</u>
3 Bank balance other than Cash and cash equivalents		
Deposit with original maturity of more than 3 months but residual maturity of less than 12 months*	109	92
	<u>109</u>	<u>92</u>

*Out of the above bank deposits of ₹ 84 have been kept as a security for registration with the VAT authorities of various states.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
4 Trade receivable		
Receivables considered good secured	33	78
Less: Loss allowance for trade receivable	0	(0)
Receivables considered good unsecured	-	-
Less: Loss allowance for trade receivable	-	-
Receivables which have significant increase in credit risk	67	137
Less: Loss allowance for trade receivable	0	(0)
Receivable credit impaired	1,168	1,110
Less: Loss allowance for trade receivable	(118)	(131)
Total	1,151	1,194

Clause (iv) Trade receivable aging schedule

March 31, 2022	Less than 6 months	6 months - 1 year	1-2 year	2-3 year	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	19	-	-	-	-	19
(ii) Undisputed Trade receivables - which have significant increase in credit risk	39	-	-	-	-	39
(iii) Undisputed Trade receivables - credit impaired	55	116	205	25	5	407
(iv) Disputed Trade Receivables - Considered good	14	-	-	-	-	14
(v) Disputed Trade Receivables - which have significant increase in credit risk	28	-	-	-	-	28
(vi) Disputed Trade Receivables - credit impaired	61	123	460	118	-	762
Less: Loss allowance for trade receivable	(12)	(24)	(66)	(16)	-	(118)
Total	205	215	598	127	5	1,151

March 31, 2021	Less than 6 months	6 months - 1 year	1-2 year	2-3 year	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	47	-	-	-	-	47
(ii) Undisputed Trade receivables - which have significant increase in credit risk	73	-	-	-	-	73
(iii) Undisputed Trade receivables - credit impaired	108	203	280	18	5	614
(iv) Disputed Trade Receivables - Considered good	32	-	-	-	-	32
(v) Disputed Trade Receivables - which have significant increase in credit risk	64	-	-	-	-	64
(vi) Disputed Trade Receivables - credit impaired	91	158	247	-	-	496
Less: Loss allowance for trade receivable	(20)	(32)	(79)	-	-	(132)
Total	395	329	447	18	5	1,194

There are no debts due by directors or other officers of the Company.
Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days
Unbilled receivables included above are ₹ Nil (Previous year ₹ Nil)

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
5 Loans		
Loan against Hypothecation of vehicle	10,529	25,606
Loan against Property	1,28,327	1,57,083
Finance Leases	75,198	47,456
Less: Impairment loss allowance	(9,728)	(8,588)
Total	2,04,327	2,21,557
*There are no loans measured at FVOCI or FVTPL or designated at FVTPL.		
Loans at amortised cost		
A		
Term loans	1,38,856	1,82,689
Finance Lease	75,198	47,456
Gross Total A	2,14,055	2,30,145
Less: Impairment Loss allowance	(9,728)	(8,588)
Net Total A	2,04,327	2,21,557
B		
Secured by tangible assets	2,09,491	2,25,197
Secured by intangible assets	-	-
Covered by Bank/Government Guarantees	4,564	4,948
Unsecured	-	-
Gross Total B	2,14,055	2,30,145
Less: Impairment Loss allowance	(9,728)	(8,588)
Net Total B	2,04,327	2,21,557
C		
Loans in India	-	-
Public Sector	-	-
Others	2,14,054	2,30,145
Gross Total	-	-
Less: Impairment loss allowance	(9,728)	(8,588)
Net	2,04,327	2,21,557
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Net	-	-
Net Total C	2,04,327	2,21,557
6 Other financial assets		
Security deposits Premises	24	24
Sundry Deposits	3	3
Retained Interest on Loan Assigned	502	505
Recoverable from sale of assets	12	29
Loans and advances to employees	14	5
Exgratia receivable	-	197
Out of pocket expenses recoverable	5,898	3,208
Less: Loss Allowance for Out of pocket expenses recoverable	(33)	(15)
Total	6,420	3,956

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

	Particulars	As at 31 March 2022	As at 31 March 2021
7	Assets held for sale		
	Assets held for sale	1,974	91
		<u>1,974</u>	<u>91</u>
	During the year, the Company has repossessed/acquired assets in satisfaction of debt amounting to ₹ 1,859.2 lakhs (Loan against property), ₹ 231.20 lakhs (Commercial vehicle loans, with net fair value of ₹ 72.23 Lakh). Vehicles return back in case of finance lease is ₹ 43 lakhs. Such assets have been accounted for as "assets held for sale".		
	Note 8		
8	Current tax assets (net)		
	Advance tax (net of provision for tax)	2,657	794
	(Net of provision for tax of March 2021 ₹ 12,048, March 2022 ₹ 15,146)		
	Total	<u>2,657</u>	<u>794</u>
9	Deferred tax assets (net)		
	Deferred Tax Assets (net)	7,217	6,658
	Total	<u>7,217</u>	<u>6,658</u>

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

10 Property, Plant & Equipment

Particulars	Buildings	Leasehold improvements	Furniture and fixtures	Vehicles	Data processing equipments	Office equipment	Operating lease - vehicles	Total
Gross carrying amount								
As At April 01, 2020	41	77	60	285	150	52	3,444	4,108
Additions	-	-	5	91	3	1	193	293
Disposals	-	-	4	57	-	-	368	429
As at March 31, 2021	41	77	61	319	153	53	3,269	3,972
As At April 01, 2021	41	77	61	319	153	53	3,269	3,972
Additions	-	-	8	177	15	9	628	837
Disposals	-	26	11	161	19	3	453	673
As at March 31, 2022	41	51	59	335	149	59	3,444	4,136
Accumulated Depreciation / amortization and impairment :								
As At April 01, 2020	3	39	27	140	113	30	1,293	1,644
Additions	1	12	11	76	21	9	619	749
Disposals	-	-	3	44	-	-	120	167
As at March 31, 2021	4	51	35	172	134	39	1,791	2,226
As At April 01, 2021	4	51	35	172	134	39	1,791	2,226
Additions	1	5	15	121	15	10	545	712
Disposals	-	13	9	150	16	2	220	411
As at March 31, 2022	5	42	41	144	132	47	2,116	2,527
Net carrying								
As at March 31, 2021	37	26	26	146	19	14	1,478	1,746
As at March 31, 2022	36	9	18	191	16	11	1,328	1,609

The Company does not possess any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company during the financial year ended March 31, 2022 and March 31, 2021.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs. except as stated)

11 Right of use Assets

Particulars	Right to use	Total
Gross carrying amount		
As At April 01, 2020	582	582
Additions	17	17
Disposals	147	147
As at March 31, 2021	452	452
As At April 01, 2021	452	452
Additions	352	352
Disposals	238	238
As at March 31, 2022	566	566
Accumulated Depreciation / amortization and impairment :		
As At April 01, 2020	274	274
Additions	128	128
Disposals	82	82
As at March 31, 2021	320	320
As At April 01, 2021	320	320
Additions	108	108
Disposals	238	238
As at March 31, 2022	190	190
Net carrying		
As at March 31, 2021	132	132
As at March 31, 2022	376	376

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

12 Intangible Assets

Particulars	Software	Total
Gross carrying amount		
As At April 01, 2020	236	236
Additions	207	207
As at March 31, 2021	443	443
As At April 01, 2021	443	443
Additions	68	68
As at March 31, 2022	511	511
Accumulated Depreciation / amortization and impairment :		
As At April 01, 2020	170	170
Additions	70	70
As at March 31, 2021	240	240
As At April 01, 2021	240	240
Additions	77	77
As at March 31, 2022	317	317
Net carrying		
As at March 31, 2021	203	202
As at March 31, 2022	194	194

ORIX Leasing & Financial Services India Limited

Notes to the financial statements *(Continued)*

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
13 Other non-financial assets		
Prepaid Expenses	726	500
Balance with government authorities		
- Vat credit receivable	61	52
- GST credit receivable	7,821	3,019
- Sales tax refund	56	56
Advances to suppliers of goods and services	760	222
Advances towards assets	0	54
Total	9,424	3,903

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
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14 Trade payables

Total outstanding dues of Micro and Small Enterprises	-	3
Total outstanding dues of creditors other than Micro and Small Enterprises	3,746	2,806

Total	3,746	2,809
--------------	--------------	--------------

March 31, 2022	Outstanding for following periods from					Total
		due date of payment#				
	No Due	<1 year	1-2 year	2-3 year	More than 3 years	
(i)MSME	-	-	-	-	-	-
(ii)Others	1,399	1,727	37	169	413	3,746
(iii) Disputed	-	-	-	-	-	-
dues – MSME	-	-	-	-	-	-
(iv) Disputed	-	-	-	-	-	-
dues - Others	-	-	-	-	-	-
Grand total	1,399	1,727	37	169	413	3,746

March 31, 2021	Outstanding for following periods from					Total
		due date of payment#				
	No Due	<1 year	1-2 year	2-3 year	More than 3 years	
(i)MSME	3					3
(ii)Others	1,123	706	498	218	262	2,806
(iii) Disputed	-	-	-	-	-	-
dues – MSME	-	-	-	-	-	-
(iv) Disputed	-	-	-	-	-	-
dues - Others	-	-	-	-	-	-
Grand total	1.126	706	498	218	262	2,809

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
15 Debt Securities		
Non-convertible unsecured debentures	20,000	20,000
Total	20,000	20,000
	At Amortised Cost	
Debenture (6.65 % rated, unlisted, unsecured, non-convertible debenture with bullet payment maturing on 18th December 2023)	20,000	20,000
Total (A)	20,000	20,000
Debt securities in India	20,000	20,000
Debt securities outside India	-	-
Total (B) to tally with (A)	20,000	20,000
Secured	-	-
Unsecured	20,000	20,000
Total (C) to tally with (A)	20,000	20,000
16 Borrowings (Other than debt securities)		
Term Loan		
- From banks	1,18,353	1,15,968
- Masala bond	-	10,000
- ECB borrowing from Bank	20,938	24,688
Cash credits	3,004	245
Overdraft facilities	-	0
Loans and advances from related party	1,217	1,003
Interest accrued but not due on borrowings	780	886
Total	1,44,292	1,52,790

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
16 Borrowings (Other than debt securities) (Continued)		
	At Amortised Cost	
(a) Term loans		
(i) from banks	1,39,291	1,50,656
(b) Loans from related parties	1,217	1,003
(c) Loans repayable on demand		
(i) from banks	3,004	245
(d) Other loans-Interest accrued but not due on borrowings	780	886
Total (A)	1,44,292	1,52,790
Borrowings in India	1,23,158	1,17,759
Borrowings outside India	21,134	35,031
Total (B) to tally with (A)	1,44,292	1,52,790
Secured	3,004	245
Unsecured	1,41,288	1,52,545
Total (C) to tally with (A)	1,44,292	1,52,790
Borrowing is secured by floating charge by way of Hypothecation of the following assets as per the drawing power:		
a. Receivables under Lease & Hire-Purchase with hypothecated assets.		
b. Receivables of loans extended by the company to different borrowers with beneficial interest on hypothecated assets.		
c. Unencumbered own assets.		
Borrowings is not guaranteed by Directors.		
Borrowings are secured by corporate guarantee provided by ultimate holding company.		
There are no borrowings measured at FVTPL or designated at FVTPL.		
For Term of repayment refer schedule no 51 - Repayment schedule of long term borrowing.		
The Company has not default in repayment of borrowings and interest as on the balance sheet date.		
17 Lease liabilities		
Lease liabilities	409	155
Total	409	155
18 Deposits		
Security deposits from lessees	1,572	1,347
Total	1,572	1,347
19 Other financial liabilities		
Other Payables to Employees	250	371
Payable in respect of loans assigned	355	135
Provision for expenses	366	466
Advance from customers	3,175	1,959
Total	4,146	2,931
20 Current tax liabilities (Net)		
Provision for income tax (net of advance tax)	74	258
(Net of advance tax for March 2021 ₹ 6,036 and March 2022 ₹ 3,301)		
Total	74	258

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

Particulars	As at 31 March 2022	As at 31 March 2021
21 Provisions		
Provision for employees' benefits		
- Provision for Compensated absences	161	165
- Provision for Gratuity	137	60
Other Provisions	60	37
Total	358	262
22 Other non-financial liabilities		
Deferred Income-Securities deposit	218	342
Statutory remittances (Contributions to PF, GST, TDS, etc.)	166	305
Total	384	647
23 EQUITY SHARE CAPITAL		
Authorised		
15,00,000,00 equity shares of ₹ 10 each	1,50,00,00,000	1,50,00,00,000
Issued		
100,935,901 equity shares of ₹ 10 each fully paid up	1,00,93,59,010	1,00,93,59,010
Total	1,00,93,59,010	1,00,93,59,010
24 Other equity		
Statutory Reserve		
Opening balance	4,479	3,527
Add : Additions during the year	277	952
Balance at the end of the year	4,756	4,479
Securities premium account	30,303	30,303
Retained Earnings		
Balance at the beginning of the year	17,090	13,280
Profit for the year	1,386	4,762
Less: Transfer to statutory reserve	277	952
Balance at the end of the year	18,199	17,090
Other Comprehensive Income :		
Balance at the beginning of the year	(105)	(109)
Transactions during the year	(19)	4
Balance at the end of the year	(124)	(105)
Total	53,134	51,767

i) Securities premium is used for recording the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

ii) Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

iii) Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, transfers to General reserve or any such other appropriations to specific reserves.

iv) Other comprehensive income represent actuarial gains and losses on defined benefit plans, net of taxes.

Utilisation of Borrowed funds and share premium: The Company, as part of its normal business, grants loans and advances, makes investment and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

PARTICULARS	For the year ended 31 March 2022	For the year ended 31 March 2021
25 Interest income		
Interest on loans (Refer note 36.4)	22,751	31,310
Penal interest income	37	26
Interest income of bank deposit	4	4
Total	22,792	31,340
On Financial Assets measured at Amortised Cost		
Interest on loans	22,751	31,310
Penal interest income	37	26
Interest income of bank deposit	4	4
Total	22,792	31,340
26 Fees and commission income		
Origination and processing fees	30	7
Income on pre termination of lease & hypothecation	427	266
Other fee income	554	398
Total	1,011	671
27 Net gain on fair value changes		
Securities-Leases	274	92
Securities-Premises	2	3
Total	276	95
28 Sales of services		
Fleet management services	472	252
Lease rental on operating lease	625	956
Total	1,097	1,208
29 Other income		
Discount received from dealers	203	152
Liabilities / provisions no longer required written back	52	68
Bad debts recovered	74	8
Interest on income tax refund	-	70
Miscellaneous income	227	190
Total	556	488

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

PARTICULARS	For the year ended 31 March 2022	For the year ended 31 March 2021
30 Finance Cost		
Interest	11,485	14,400
Other borrowing costs	287	345
Interest on lease liability	28	21
Total	11,800	14,766
On Financial liability measured at Amortised Cost		
Interest on borrowings	10,005	13,348
Interest on debt securities	1,480	1,052
Other interest expense	315	366
Total	11,800	14,766
31 Impairment on financial instruments		
Loss allowance ECL	1,216	3,991
Bad debts	3,743	-
Loss on assets acquired in satisfaction of debt	159	-
Loss on termination and foreclosure of loans	1,072	1,651
Total	6,190	5,642
32 Employee benefit expenses		
Salaries and wages	2,970	3,037
Contribution to provident and other funds	243	218
Staff welfare expenses	47	39
Total	3,260	3,294
33 Depreciation and amortisation expense		
Depreciation on tangible fixed assets	711	749
Depreciation on Right-of-use assets	108	128
Amortization on intangible fixed assets	77	70
Total	896	947
34 Other expenses		
Power and fuel	54	55
Rent	190	190
Repairs and maintenance	73	74
Insurance	511	258
Rates and taxes	231	222
Sub-contract charges	92	82
Communication expenses	27	26
Legal and professional fees	383	253
Corporate social responsibility expense (Refer note (i) below)	136	120
Computer maintenance and Software	112	138
Travelling and conveyance	60	34
Director's sitting fees	9	13
Payments to Auditors (Refer note (ii) below)	11	50
Loss on pre termination of lease	-	394
Sundry balances written off	4	10
Management fees	538	538
Loss on assignment	2	58
Miscellaneous expenses	141	161
Total	2,574	2,676

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

PARTICULARS	For the year ended 31 March 2022	For the year ended 31 March 2021
34 Other expenses (Continued)		
Notes :		
1) Details of Corporate Social Responsibility Expenditure (CSR) :		
	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Gross amount required to be spent by Company during the year	136	120
b) Amount approved by the Board to be spend during the year	136	120
c) Amount spent during the year ending on 31st March 2022 :	In Cash	Total
1. Construction/acquisition of any asset	-	-
2. On purposes other than (1) above	136	136
3. Details of related party transaction	-	-
Total	136	136
d) Amount spent during the year ending on 31st March 2021 :	In Cash	Total
1. Construction/acquisition of any asset	-	-
2. On purposes other than (1) above	120	120
3. Details of related party transaction	-	-
Total	120	120
e) Details realted to spent/unspent obligations:	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	136	120
2) Payment to Auditors:		
Statutory audit fees	9	42
Certification fees	2	5
Total	11	47
35 Earnings per equity share		
Profit after tax attributable to equity shareholders (A)	1,367	4,767
Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	10,09,35,901	10,09,35,901
Number of equity shares outstanding at the end of the year	10,09,35,901	10,09,35,901
Weighted average number of equity shares outstanding during the year (B)	10,09,35,901	10,09,35,901
Basic and diluted earnings per share (₹) (A / B)	1.35	4.72
Face value per share (₹)	10.00	10.00

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2022

(All amounts are in INR Lakhs, except as stated)

23.1 Share capital :

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10 each	15,00,00,000	1,50,00,00,000	15,00,00,000	1,50,00,00,000
13.5% preference shares of ₹ 10 each	-	-	-	-
Issued				
Equity Shares of ₹ 10 each	10,09,35,901	1,00,93,59,010	10,09,35,901	1,00,93,59,010
Subscribed & fully paid up				
Equity Shares of ₹ 10 each	10,09,35,901	1,00,93,59,010	10,09,35,901	1,00,93,59,010
Total	10,09,35,901	1,00,93,59,010	10,09,35,901	1,00,93,59,010

- a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	10,09,35,901	1,00,93,59,010	10,09,35,901	1,00,93,59,010
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	10,09,35,901	1,00,93,59,010	10,09,35,901	1,00,93,59,010

- b. The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c. 10,09,35,901 (P.Y. 10,09,35,901) Equity Shares are held by ORIX Auto Infrastructure Services Limited, the holding company and its nominees.

- d. Details of shareholders holding more than 5% shares in the Company/ shares held by holding/ultimate holding company and its nominees:

Name of Shareholder	As at 31 March 2022		As at 31 March 2021	
	No of shares held	% of holding	No of shares held	% of holding
ORIX Auto Infrastructure Services Limited and its nominees	10,09,35,901	100%	10,09,35,901	100%

- e. Details of shares held by promoters

Shareholder's name	As at 31 March 2022		As at 31 March 2021	
	No of shares held	% changes during the year	No of shares held	% changes during the year
ORIX Auto Infrastructure Services Limited (OAS)	10,09,35,831	0%	10,09,35,831	0%
Manmohan Malik and OAS	10	0%	10	0%
Pankaj Jain and OAS	10	0%	10	0%
Jay Gandhi and OAS	20	0%	20	0%
Vivek Wadhwa and OAS	10	0%	10	0%
Sandeep Ganbhir and OAS	10	0%	10	0%
Dipankar Sen and OAS	10	0%	10	0%
Total	10,09,35,901	0%	10,09,35,901	0%

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

36.1 Contingent liabilities (to the extent not provided for):

i) Claims against the Company not acknowledged as debts

Particulars	31 March 2022	31 March 2021
Income tax	1,083	545
Sales tax	913	750
Litigation pending against the company	43	20
Total	2,039	1,315

The Company believes it is most likely to succeed in the above cases and hence no provision is considered necessary.

ii) Commitments:

Estimated amount of contracts remaining to be executed and not provided for :

Particulars	31 March 2022	31 March 2021
Loan and lease commitments	10,603	7,754

36.2 Details of dues to Micro and Small Enterprises

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are outstanding amounts due to MSME as at 31 March 2021 and as at 31 March 2022.

Particulars	31 March 2022	31 March 2021
a) Principal amount due and remaining unpaid to suppliers as at the year end	-	3
b) Interest accrued and due to suppliers on the above amount as at the year end	-	-
c) Interest paid to suppliers in terms of Section 16 of the MSMED Act	-	-
d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
e) Interest paid to suppliers (other than Section 16 of the MSMED Act)	-	-
f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	-	-
g) Interest accrued and remaining unpaid at the year end	-	-
h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

36.3 Foreign currency exposures not hedged by derivative instruments are as follows:

Particulars	31 March 2022		31 March 2021	
	Amount in original currency	Amount in INR	Amount in original currency	Amount in INR
Amount payable for bank guarantee fees (USD)	1	70	1	77
Amount payable for commitment fees	0	15	0	2
Amount receivable for reimbursement of expenses (USD)	-	-	3	210

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that no material provision as required under any law / accounting standards for material foreseeable losses on such long term contracts is required to be made in the books of accounts. The Company did not enter into any derivative transactions during the year.

36.4 During the year, in Compliance with the RBI Master Circular RBI/2021-2022/104 DOR.No.STR.REC.55/21.04.048/2021-22 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' dated October 1, 2021 read with Circular RBI/2021-22/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021, the company has reversed the amount of unrealized interest, accrued and credited to income account, on all advances which were NPA as on 31st December 2021. The impact of this reversal in the statement of profit & loss at the time of implementation of said prudential norms was ₹ 4,599.

36.5 The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

36.6 Change in Accounting Estimates

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities.

Nature of Change

The Company has a loan book consisting of Commercial Vehicle (CV) as well as Loan Against Property (LAP) business. While CV business has been discontinued, the LAP business is continued. In terms of the contracts with the Borrowers (CV as well as LAP), the Company has exercised its legal rights against delinquent borrowers (both in CV and LAP business verticals) and repossessed assets from these delinquent borrowers. The company has the right to sell these assets at any point of time.

The Company was carrying the loan in the books even post repossession of collateral. These assets are now accounted in the books as assets held for sale at net fair value (basis external valuation) until they are sold.

Amount of Change in current period

The foregoing change tantamounts to change in accounting estimate with regard to assets held for sale. As a result of this, 17 LAP loans worth ₹ 1859.2 Lakh and 25 CV loans worth ₹ 231.2 (net fair value of ₹ 72.23) are moved to assets held for sale. The charge to Profit & Loss of this change in LAP is Nil and CV is ₹ 159.

Effects on future period

It is impracticable to estimate the effect of this change in future periods.

36.7 The Figures for the previous year have been regrouped/rearranged wherever necessary to confirm to current year presentation.

36.8 With regard to the new amendments under "Division III of Schedule III" under "Part II - Statement of Profit and Loss - General Instructions for preparation of Statement of Profit and loss" there are no transactions that are required to be disclosed with regard to the following clauses 11 (v) and 11 (vii) for the Company.

36.9 There has been no other events after the reporting date that require disclosure in these financial statement.

36.10 Value zero represent amount less than fifty thousand.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

- 37 These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.**

37.1 Capital :

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI, details of which are given below :-

Particulars	31 March 2022	31 March 2021
i) Tier I capital (%)	24.35%	22.79%
ii) Tier II capital (%)	1.24%	1.09%
Total capital	25.59%	23.88%

37.2 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities : As at 31 March 2022

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 to 7 days	-	4,048	-	179	-	-
8 to 14 days	-	-	-	-	-	-
15 to 30/31 days	-	8,646	-	11,857	-	-
Over 1 Month Upto 2 Month	-	2,388	-	8,756	-	-
Over 2 Month Upto 3 Month	-	2,459	-	3,022	-	-
Over 3 Month Upto 6 Month	-	7,991	-	18,560	-	-
Over 6 Month Upto 1 Year	-	16,045	-	41,702	-	-
Over 1 Year Upto 3 Year	-	51,219	-	66,467	-	-
Over 3 Year Upto 5 Year	-	20,887	-	13,750	-	-
Over 5 Year	-	90,642	-	-	-	-
Total	-	2,04,327	-	1,64,293	-	-

As at 31 March 2021

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 to 7 days	-	3,079	-	140	-	-
8 to 14 days	-	112	-	-	-	-
15 to 30/31 days	-	12,284	-	12,753	-	-
Over 1 Month Upto 2 Month	-	2,471	-	3,709	-	-
Over 2 Month Upto 3 Month	-	2,422	-	10,583	-	-
Over 3 Month Upto 6 Month	-	7,381	-	9,295	-	-
Over 6 Month Upto 1 Year	-	14,375	-	29,265	-	-
Over 1 Year Upto 3 Year	-	40,073	-	77,046	-	-
Over 3 Year Upto 5 Year	-	23,445	-	30,000	-	-
Over 5 Year	-	1,15,914	-	-	-	-
Total	-	2,21,557	-	1,72,790	-	-

Maturity pattern is as per contractual cash flow and management estimate of recovering/paying advances/borrowing

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

37 These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company. (Continued)

37.3 Exposure to Real Estate Sector :

Category	31 March 2022	31 March 2021
Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	1,326	1,808
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential		
b. Commercial Real Estate		
Total	1,326	1,808

This includes exposure to parties having business activities of real estate/ infrastructure.

37.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC :

The Company has not exceeded the Prudential Exposure Limits for any Single/ Group Borrower.

37.5 Ratings assigned by credit rating agencies and migration of ratings during the year :

The Company has received revised rating on 09 June 2021 from India Ratings & Research (Fitch group) Ltd as follows :

Particulars	Current Rating	Previous Rating
Long Term	IND AAA	IND AAA
Short Term	IND A1+	IND A1+

37.6 Provisions and Contingencies :

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31 March 2022	31 March 2021
Provision towards non performing assets (stage three)	622	2,122
Provision made towards Income tax	-374	1,715
Provision for other financial assets	29	91
Provision for leave encashment	-4	29
Provision for bonus	304	380
Provision for standard assets (stage one and two)	4,107	1,777

37.7 Concentration of Advances :

Particulars	31 March 2022	31 March 2021
Total Advances to twenty largest borrowers	30,050	18,584
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	14.04%	8%

All advances are secured by underlying assets

37.8 Concentration of Exposures :

Particulars	31 March 2022	31 March 2021
Total exposure to twenty largest borrowers / customers	30,050	18,584
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	14.04%	8%

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

37 These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company. (Continued)

37.9 Concentration of non performing assets :

Particulars	31 March 2022	31 March 2021
Total exposure to top four non performing assets accounts	1,533	1,569

37.10 Sector-wise non performing assets :

Sl. No.	Sector	Percentage of gross NPAs to net advances in that sector	
		31 March 2022	31 March 2021
1	Agriculture & allied activities	-	-
2	MSME	11.08%	9.42%
3	Corporate borrowers	5.85%	7.69%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	33.72%	37.23%
7	Other personal loans	-	-

37.11 Movement of non performing assets :

Particulars	31 March 2022	31 March 2021
(i) Net non performing assets to Net Advances (%)	7.28%	9.35%
(ii) Movement of non performing assets (Gross)		
a) Opening balance	26,055	15,770
b) Additions during the year	8,663	12,977
c) Reductions during the year	(13,922)	(2,692)
d) Closing balance	20,796	26,055
(iii) Movement of net non performing assets		
a) Opening balance	21,054	12,894
b) Additions during the year	5,002	10,286
c) Reductions during the year	(10,880)	(2,126)
d) Closing balance	15,176	21,054
(iv) Movement of provisions for non performing assets (excluding provisions on standard assets)		
a) Opening balance	5,000	2,876
b) Provisions made during the year	3,661	2,690
c) Write-back of excess provisions	(3,042)	(566)
d) Closing balance	5,619	5,000

37.12 Disclosure of Customers Complaints :

Particulars	31 March 2022	31 March 2021
a No. of complaints pending at the beginning of the year	-	-
b No. of complaints received during the year	34	26
c No. of complaints redressed during the year	33	26
d No. of complaints pending at the end of the year	1	-

37.13 Details of Off Balance Sheet Assets :

The Company has provided bank guarantees amounting to ₹ 10 (P.Y. ₹ 76) to various VAT authorities.

37.14 Encumbrances of fixed deposits held by Company :

The Company has lien marked fixed deposits with Bank amounting to ₹ 108 (P.Y. ₹ 90) for obtaining guarantees as mentioned in note no 37.13.

37.15 Registration obtained from other financial sector regulators

The Company is not registered with any other financial sector regulator.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

37 These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company. (Continued)

37.16 Penalties imposed by RBI and other regulators

RBI and other regulator has not imposed any penalties on the Company during current and previous year.

37.17 Financing of parent company product

The Company has not financed any parent company product during current and previous year.

37.18 Investments

The Company has not made any investments during current and previous year.

37.19 Derivative

The Company has not entered into any derivative transaction during current and previous year.

37.20 Securitisation

The Company has not entered into any securitisation or assignment transaction during current year and previous year.

37.21 Purchasing or selling of Non Performing assets

The Company has not purchased or sold any non performing financial asset during current and previous year.

37.22 Exposure to capital market

The Company does not have any exposure to capital market during current and previous year.

37.23 Overseas assets

The Company does not have any overseas assets during current and previous year.

37.24 Off Balance Sheet SPVs

The Company does not have any off Balance Sheet SPVs during current and previous year.

37.25 Details of Fraud :

During the year, the Company has reported frauds ₹ Nil (Previous year : ₹ 804.45) based on management reporting to risk committee and to the RBI through prescribed returns.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

38 As per Ind As 24 - Related parties

(A) Name of related parties by whom control is exercised

Particulars	Type	Place of Incorporation	Ownership Interest	
			31-Mar-22	31-Mar-21
ORIX Auto Infrastructure Services Limited	Immediate holding company	India	99.9999%	99.9999%
ORIX Corporation	Ultimate holding company	Japan	0.00%	0.00%
ORIX Housing Finance Corporation India Limited	Fellow Subsidiary	India	0.00%	0.00%
Infrastructure Leasing And Financial Services Ltd	Fellow Subsidiary	India	0.00%	0.00%

(B) Key management personnel

Yoshiaki Matsuoka - Director (from 07 July 2020)
 Takashi Yamasaki - Director (from 29 July 2021)
 Shin Hamada - Director (from 30 June 2021)
 Takehiro Onishi - Director (from 31 March 2021)
 Ikuo Nakamura - Director (upto 03 July 2020)
 Kiyokazu Ishinabe - Director (upto 04 November 2020)
 Sandeep Gambhir - Managing Director
 Takashi Nakayama - Director (Upto 29 July 2021)
 Ryohei Suzuki - Director
 Vivek Wadhera - CFO
 Abhay Kakkar - Director
 Nagesh Dubey - Director
 Rajeev Seth - Director (Upto 09 November 2021)
 Gouri Sawant - Director

Details of related party transaction during the year are given below:

Particulars	Immediate holding company	Ultimate Holding Company	Key management personnel	Fellow subsidiary
Management Charges	538 (538)	- (-)	- (-)	- (-)
Interest Expenses	80 (69)	- (-)	- (-)	- (-)
Interest Expenses on ECB	- (-)	1,382 (1,110)	- (-)	- (-)
Bank guarantee fees	- (-)	137 (155)	- (-)	- (-)
Rent Expense	134 (134)	- (-)	- (-)	- (-)
ECB borrowing	- -	- (10,000)	- (-)	- (-)
Commitment Charges	- -	89 (9)	- (-)	- (-)
Finance lease assets	89 (137)	- (-)	- (-)	- (-)
Interest Income on Finance Lease	13 (25)	- (-)	- (-)	- (-)
Finance lease rental	61 (92)	- (-)	- (-)	- (-)
Finance lease addition	- (75)	- (-)	- (-)	- (-)
Finance lease deduction	- (458)	- -	- (-)	- (-)
Cost reimbursement paid to	10 (5)	- (-)	- (-)	- (-)

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

38 As per Ind As 24 - Related parties (Continued)

Particulars	Immediate holding company	Ultimate Holding Company	Key management personnel	Fellow subsidiary
Director sitting fees	- (-)	- (-)	9 (13)	- (-)
Tax Payment, Annual Custody Fee & ETC Charges	- (-)	- (-)	- (-)	1 (1)
Loans & receivables (Net off ECL)	- (-)	- (-)	- (-)	- (3)
Income from finance lease	- (-)	- (-)	- (-)	0 (0)

Figures in brackets relate to previous year.

Details of related party outstanding balances as at the year-end are given below:

Particulars	Immediate holding company	Ultimate Holding Company	Key management personnel	Fellow subsidiary
Net Payable	1,219 (1,004)	- (-)	- (-)	- (-)
Payable				
Management Charges	135 (344)	- (-)	- (-)	- (-)
Rent Expense	34 (34)	- (-)	- (-)	- (-)
Cost reimbursement	5 (1)	- (-)	- (-)	- (-)
Other payable	1,045 (625)	- (-)	- (-)	- (-)
Payable	- (-)	20,276 (10,241)	- (-)	- (-)
ECB borrowing	- (-)	20,000 (20,000)	- (-)	- (-)
Interest on ECB borrowing	- (-)	191 (197)	- (-)	- (-)
Bank Guarantee fees	- (-)	70 (77)	- (-)	- (-)
Commitment Charges	- (-)	15 (2)	- (-)	- (-)
Payable towards Director sitting fees				
Abhay Kakkar	- (-)	- (-)	1 (2)	- (-)
Nagesh Dubey	- (-)	- (-)	- (1)	- (-)
Rajeev Seth	- (-)	- (-)	- (1)	- (-)
Receivable				
ORIX Housing Finance Corporation India Limited	- (-)	- (-)	- (-)	1 1
Receivable				
Infrastructure Leasing & Financial Services Ltd	- (-)	- (-)	- (-)	- (0)

Figures in brackets relate to previous year.

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

39 Employee benefit

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company recognised ₹ 73 (previous year ₹ 64) for superannuation contribution and other retirement benefit contributions in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company recognised ₹ 150 (previous year ₹ 133) for provident fund contributions in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

A. The Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:

i) On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	31 March 2022	31 March 2021
	Gratuity Funded	
Defined benefit obligation	452	388
Fair value of plan assets	315	328
Net defined benefit (obligation)	137	60
Non-current	36	-
Current	101	60

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	31 March 2022	31 March 2021
	Gratuity Funded	Gratuity Funded
Defined benefit obligation		
Opening balance	388	348
Current service cost	55	57
Interest cost (income)	27	24
	470	429
Included in OCI		
Demographic assumptions	(0)	-
Financial assumptions	(11)	(5)
Experience adjustment	32	1
	491	425
Other		
Contributions paid by the employer	(39)	(38)
Closing balance	452	388
Fair value of plan asset		
Opening balance	328	342
Interest income	23	24
	351	366
Included in OCI		
Remeasurement gain (loss):		
Demographic assumptions		
Return on plan assets excluding interest income	(2)	0
	349	366
Other		
Contributions paid by the employer	6	-
Benefits paid	(39)	(38)
Closing balance	316	328
Represented by		
Net defined benefit asset	-	-
Net defined benefit liability	137	59
	137	59

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

39 Employee benefit (Continued)

(ii) Defined Benefit Plan: (Continued)

C. Plan assets

Plan assets comprise the following :		
	31 March 2022	31 March 2021
	Gratuity Funded	
Investment in scheme of insurance	100%	100%

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2022	31 March 2021
Discount rate	7.27%	7.01%
Expected rate of return on plan assets	7.27%	7.01%
Salary escalation	7.00%	7.00%
Mortality post retirement	Indian Assured Lives Mortality (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (2006-08) (modified) Ultimate
Employee turnover rate (for different age groups)	5.73% & 2%	5.73% & 2%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

E. Reconciliation of net liability/asset

Gratuity	As at 31 March 2022	As at 31 March 2021
Opening Balance	60	60
Expenses Recognized in the Statement of Profit or Loss	59	58
Expenses Recognized in OCI	23	(4)
(Employer benefits)	6	-
Net liability/Asset recognised in the balance sheet	137	60

F. Expenses recognized in Statement of Profit & loss

	As at 31 March 2022	As at 31 March 2021
Expenses Recognized in the Statement of Profit or Loss for Current Period		
Current Service Cost	55	57
Net Interest Cost	4	0
Expenses Recognized	59	57

G. Expenses recognized in Other Comprehensive Income (OCI)

	As at 31 March 2022	As at 31 March 2021
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period		
Actuarial (Gains)/Losses on Obligation For the Period	21	(4)
Return on Plan Assets, Excluding Interest Income	2	(0)
Net (Income)/Expense For the Period Recognized in OCI	23	(4)

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

39 Employee benefit (Continued)

(ii) Defined Benefit Plan: (Continued)

H. Reconciliation of OCI

Gratuity	As at 31 March 2022	As at 31 March 2021
Opening Balance	105	109
Acturial losses during the year	19	(4)
Balance end of the year	124	105

I. Other Details

	As at 31 March 2022	As at 31 March 2021
Prescribed contribution for next years (12 months)	101	94

J. Maturity Analysis of Projected Benefit Obligation : From the Fund

	As at 31 March 2022	As at 31 March 2021
Projected benefits payable in future years from the date of reporting		
1st following Year	31	20
2nd following Year	15	8
3rd following Year	24	27
4th following Year	33	22
5th following Year	32	30
Sum of years 6 to 10	218	142

K. Sensitivity analysis

	31-Mar-22		31-Mar-21	
	Increase	Decrease	Increase	Decrease
	Gratuity		Gratuity	
Discount rate (1% movement)	(39)	45	(35)	41
Future salary growth (1% movement)	44	(39)	41	(36)
Mortality post retirement	(0)	0	(1)	1

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

iii. Other long term employee benefits.

Compensated absences are payable to employees. The charge towards compensated absences for the year ended 31 March 2022 based on actuarial valuation using the projected accrued benefit method is ₹.160.83 (previous year ₹ 164.62).

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

40 The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

	March 31, 2022			March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and bank balances	2,752	-	2,752	2,735	-	2,735
Bank Deposits	-	109	109	-	92	92
Loans	41,578	1,62,749	2,04,327	45,094	1,76,463.23	2,21,557
Trade receivable	420	731	1,151	723	470	1,194
Security deposits Premises	-	24	24	-	24	24
Other Deposits	-	3	3	-	3	3
Retained Interest on Loan Assigned	94	409	502	90	416	505
Recoverable from sale of assets	12	-	12	29	-	29
Loans and advances to employees	-	14	14	-	5	5
Exgratia receivable	-	-	-	197	-	197
Out of pocket expenses recoverable	2,339	3,526	5,865	1,323	1,871	3,193
Assets held of sales	1,974	-	1,974	91	-	91
Non financial assets						
Tax payments less provisions	-	2,657	2,657	-	794	794
Deferred Tax Asset	-	7,217	7,217	-	6,658	6,658
Prepaid Expenses	569	157	726	301	199	500
Balances with Government authorities	7,877	61	7,938	3,074	52	3,127
Advances to suppliers of goods and services	760	-	760	222	-	222
Advances towards assets	0	-	0	54	-	54
Property, plant and equipment	-	1,609	1,609	-	1,746	1,746
Right-of-use assets	-	375	375	-	132	132
Other Intangible assets	-	194	194	-	202	202
Total Assets	58,374	1,79,835	2,38,209	53,932	1,89,127	2,43,060
Liabilities						
Financial liability						
Trade Payables	3,126	619	3,746	1,832	977	2,809
Debt Securities	-	20,000	20,000	-	20,000	20,000
Borrowings	64,076	80,217	1,44,292	65,760	87,030	1,52,790
Lease liabilities	103	306	409	46	109	155
Security deposits from lessees	419	1,153	1,572	403	944	1,347
Other Payables to Employees	250	-	250	371	-	371
Payable in respect of loans assigned	355	-	355	135	-	135
Provision for expenses	366	-	366	466	-	466
Advance from customers	3,175	-	3,175	1,959	-	1,959
Non financial liability						
Current tax liabilities (Net)	74	-	74	258	-	258
Provision for Compensated absences	108	190	298	9	215	225
Other provisions	60	-	60	37	-	37
Deferred Income-Securities deposit	-	218	218	-	342	342
Statutory remittances (Contributions to PF, withholding taxes, GST, TDS, etc.)	166	-	166	305	-	305
Total Liabilities	72,278	1,02,702	1,74,981	71,581	1,09,618	1,81,199
Net Assets	(13,905)	77,133	63,228	(17,649)	79,509	61,861

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

41 Concentration of Credit Risk

Company's loan portfolio is predominantly to finance commercial vehicle loans, loan against property and Leasing of vehicles . The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and loans:

Concentration by Geographical region in India:

As at March 31, 2022	East	West	North	South	Total
Loan against Hypothecation of Vehicles	-	2,830	6,617	1,082	10,529
Loan against Property	5,767	40,303	40,943	41,315	1,28,327
Finance Lease Receivables	6,619	16,884	18,633	33,062	75,198
Total	12,386	60,017	66,192	75,459	2,14,054
As at March 31, 2021	East	West	North	South	Total
Loan against Hypothecation of Vehicles	-	5,463	18,136	2,007	25,606
Loan against Property	7,275	49,301	51,795	48,712	1,57,083
Finance Lease Receivables	5,056	11,725	11,168	19,508	47,456
Total	12,331	66,489	81,099	70,227	2,30,145

Fair value of collateral and credit risk enhancements held							
As at March 31, 2022	Exposure to the risk	Vehicles	Land & Building	Deposits from Lessees	Total Collateral	Net Exposure	ECL
Loan against Hypothecation of Vehicles	10,473	11,146	-	-	11,146	-673	(1,675)
Loan against Property	1,27,005	-	3,72,625	-	3,72,625	-2,45,621	(6,330)
Finance Lease Receivables	74,928	72,818	-	1,572	74,390	538	(1,723)
Total	2,12,405	83,964	3,72,625	1,572	4,58,161	-2,45,756	(9,728)
The above table includes advances and outstanding.							
As at March 31, 2021	Exposure to the risk	Vehicles	Land & Building	Deposits from Lessees	Total Collateral	Net Exposure	ECL
Loan against Hypothecation of Vehicles	25,489	27,530	-	-	27,530	-2,041	-3,540
Loan against Property	1,55,421	-	4,37,106	-	4,37,106	-2,81,685	-4,307
Finance Lease Receivables	47,215	47,592	-	1,616	49,208	-1,993	-741
Total	2,28,125	75,121	4,37,106	1,616	5,13,843	-2,85,719	-8,588
The above table includes advances and outstanding.							

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

43 Credit quality of loans

The Company reviews the credit quality of its loans based on the ageing of the loan.

The ageing of the loan is segregated in three stages. These stages are mentioned in Inputs considered in the ECL model.

	As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Loan against Hypothecation of Vehicles	5,765	1,778	2,986	10,529
Loan against Property	92,806	22,006	13,515	1,28,327
Finance Lease Receivables	66,110	4,793	4,295	75,198
Total	1,64,681	28,577	20,796	2,14,054
The above table includes advances and outstanding.				
	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Loan against Hypothecation of Vehicles	15,579	1,813	8,214	25,606
Loan against Property	1,21,936	20,701	14,387	1,57,024
Finance Lease Receivables	32,964	9,240	3,452	45,656
Total	1,70,479	31,754	26,053	2,28,286
The above table includes advances and outstanding.				

Assessment of significant increase in credit risk:

The loans amounting to INR 15,533 lakhs which have been restructured under Reserve Bank of India OTR 2.0 have been classified as Stage 1 based on their performance. However the Company continues to hold higher ECL in respect of these loans.

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

44 Leases as per Ind AS 116: -

- a) The Company will not reassess whether a contract is or contains a lease. Accordingly, the definition of lease in accordance with Ind AS 17 will continue to be applied to lease contracts entered by the Company or modified by the Company before April 1, 2018,
- b) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. Consequently, the Company has recorded its lease liability using the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted using the incremental borrowing rate at the date of initial application,
- c) The Company does not recognize ROU assets and lease liabilities for leases with less than twelve months of lease term on the date of initial application.
- d) The Company had taken office premises under cancellable and non-cancellable operating lease agreements that were renewable on a periodic basis at the option of both the lessor and the lessee. The operating lease agreements extended up to a maximum of nine years from their respective dates of inception and some of these lease agreements had price escalation clause.
- e) As a result of ongoing pandemic, the lessor and the Company mutually agreed concession in rental for premises. There is a reduction in lease payments due to rent concession. As these concessions are short term, the change in lease payments of ₹ 5 (P Y ₹ 24) is credited to profit and loss account.

IND AS 116 disclosure

Particular	As at 31 March, 2022	As at 31 March, 2021
Depreciation charge of ROU	108	128
Interest expenses on lease liability	28	21
Expenses for short term leases	44	190
Expenses for low value leases	-	-
Cash outflow of leases during the year	120	131
Additions to ROU during the year (New premises on lease)	352	30
Carrying amount of ROU as at	375	132
Set out below are the carrying amount of lease liability and movement during the year		
Opening balance	155	348
Addition	351	17
Deletion	-	75
Accretion of interest	28	21
Payment	126	155
Closing balance	409	155
Maturity analysis of cash flow		
Less than 6 months	63	31
6-12 months	65	16
1-2 years	111	32
2-5 years	229	17
More than 5 years	-	-
Total	468	95

The effective interest rate for lease liability is in the range of 6.52% - 8.66% with maturity between June 2021 to May 2026

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

45 Disclosure as per RBI circular number DOR(NBFC).CC.PD.NO.109/22.10.106/2019-20 for comparison between Provision as per IRACP norms & expected credit loss as per Ind AS 109

Assets classification as at 31 March 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,64,681	2,758	1,61,923	2,488	270
	Stage 2	28,577	1,349	27,228	1,278	71
Subtotal		1,93,258	4,107	1,89,151	3,766	341
Non-Performing Assets (NPA)						
Substandard	Stage 3	9,320	1,878	7,442	1,205	673
Doubtful - up to 1 year	Stage 3	6,444	1,612	4,832	2,460	(848)
1 to 3 years	Stage 3	4,473	1,882	2,591	1,650	232
More than 3 years	Stage 3	472	188	284	294	(106)
Subtotal for doubtful		11,389	3,682	7,707	4,404	(722)
Loss	Stage 3	87	60	27	79	(19)
Subtotal for NPA		87	60	27	79	(19)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	16,563	96	16,467	-	96
	Stage 2	67	-	67	-	-
	Stage 3	1,168	118	1,050	-	118
Subtotal		17,798	214	17,584	-	214
Total	Stage 1	1,81,245	2,854	1,78,391	2,488	366
	Stage 2	28,644	1,349	27,295	1,278	71
	Stage 3	21,964	5,738	16,226	5,688	50
Total	Total	2,31,853	9,941	2,21,912	9,454	487

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2022, no amount is required to be transferred to 'Impairment Reserve'.

Assets classification as at 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,70,479	2,523	1,67,956	2,680	(157)
	Stage 2	31,754	1,063	30,691	456	607
Subtotal		2,02,233	3,586	1,98,647	3,136	450
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,446	1,606	8,840	853	753
Doubtful - up to 1 year	Stage 3	10,135	2,220	7,915	1,942	278
1 to 3 years	Stage 3	4,758	1,004	3,754	1,454	(450)
More than 3 years	Stage 3	382	88	294	254	(166)
Subtotal for doubtful		15,275	3,312	11,963	3,650	(338)
Loss	Stage 3	332	83	249	917	(834)
Subtotal for NPA		332	83	249	917	(834)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	3,353	53	3,300	-	53
	Stage 2	136	-	136	-	-
	Stage 3	1,110	131	979	-	131
Subtotal		4,598	184	4,415	-	184
Total	Stage 1	1,73,832	2,576	1,71,256	2,680	(104)
	Stage 2	31,890	1,063	30,827	456	607
	Stage 3	27,163	5,132	22,031	5,420	(288)
Total	Total	2,32,885	8,771	2,24,114	8,556	215

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Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except number of accounts)

46 Disclosure in accordance with RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19 related stress:

Types of borrower	A Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year	B Of (A), aggregate debt that slipped into NPA during the year	C Of (A) amount written off during the year	D Of (A) amount paid by the borrowers during the year	E Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year
Personal Loans	-	-	-	-	-
Corporate persons*	40,065	4,283	-	527	41,512
Of which, MSMEs	37,989	4,283	-	-	39,963
Others	2,076	-	-	527	1,549
Total	40,065	4,283	-	527	41,512

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Disclosure in accordance with RBI Circular No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 in relation to the Resolution Framework for COVID-19 related stress:

Sl. No	Description	Individual Borrowers		Small businesses	MSME
		Personal Loans	Business Loans		
(A)	Number of requests received for invoking resolution process under Part A	-	-	3	491
(B)	Number of accounts where resolution plan has been implemented under this window	-	-	3	491
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	-	-	91	15,442
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan	-	-	8	673

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

47 Finance Lease and Operating Lease as Lessor

The Company has given vehicles on finance lease. These leases have a primary period ranging from 2 to 5 years, which is fixed and cannot be terminated without consent of both the parties. There are no exceptional / restrictive covenants in the lease agreements. The reconciliation between the total gross investment in the lease at the balance sheet date and the present value of minimum lease payments receivable at the balance sheet are as follows:

Risk management on the residual interest of the leasing portfolio happens through the process of residual value committee. Residual value committee meets on a periodic basis and determines the residual value that are offered for each model. In case of Finance lease transaction, there is a commitment by the lessee / user and guaranteed residual value is included in lease payment receivable. The same is factored lease rental calculation and hence residual value risk is taken care of.

	As at 31 March, 2022	As at 31 March, 2021
Finance lease income	7,527	6,132
Net investment in finance lease	68,733	42,492

Category of lease

	As at 31 March, 2022	As at 31 March, 2021
Vehicle	46,147	32,828
Equipment	23,343	10,967
Two Wheeler	32	90
Furniture & Fixture	129	168
	69,651	44,053

Movement of net investment in finance lease

	As at 31 March, 2022	As at 31 March, 2021
Opening balance	42,492	44,215
Net addition/(deletion)	26,241	(1,723)
Net closing of net investment in finance lease	68,733	42,492

Gross investment in lease and present value of minimum lease payments for each of the following periods are as follows:

	As at 31 March, 2022		As at 31 March, 2021	
	Gross investment in lease	Net present value of minimum lease payment	Gross investment in lease	Net present value of minimum lease payment
Less than one year	33,040	25,248	23,321	18,308
Between one and five years	52,124	44,403	30,073	25,745
More than five years	-	-	-	-
	85,164	69,651	53,394	44,053

Operating Lease as Lessor

The Company gives vehicles under operating lease. These leases have an average primary period of 2 to 4 years which is fixed and cannot be terminated without the consent of both the parties. No purchase options are given to the lessees during or at the end of the lease term. On retirement of vehicles from the rental business i.e. when a vehicle is not actively let out on a lease for more than a year, the vehicle becomes held for sale and reclassified to inventory. Any contingent rent is not considered as part of minimum lease payment as they are not reasonably measured at the commencement of the lease and recognized in profit and loss as income when received.

Risk management on the residual interest of the leasing portfolio happens through the process of Residual Value committee. Residual Value committee meets on a periodic basis and determines the residual value that are offered for each model.

In case of Operating lease transaction residual value committee decides the residual value of each asset class. The Company has adequate expertise, data and resources to estimate the residual value at the inception of lease and manage the sale process at the end of lease tenor.

Operating leases rental:

	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Operating leases rental	625	956
Total	625	956

Notes to the financial statements (Continued)*for the year ended 31 March 2022**(All amounts are in INR Lakhs, except as stated)***47 Finance Lease as Lessor (Continued)**

The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 March, 2022	As at 31 March, 2021
Less than one year	460	561
Between one and five years	467	361
More than five years	-	-
Total	927	922

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

48 Segment Reporting

The Managing Director (MD) been identified as the Chief Operating Decision Maker (CODM). The MD regularly reviews the performance reports and make decisions about allocation of resources.

An operating segment is a component of the company that engages in business activities from which it may earn revenue and incur expenses, for which discrete financial information is available.

The Company provides financial services such as Finance Leasing of Passenger Cars, installment loans for Commercial Vehicles ("CV") and Loan against Property ("LAP") in India.

In the opinion of the CODM, the Company has 'Lending' as the only business segment. Also, the Company operates only in India and it perceives that there is no significant difference in its risks and returns in operating from different geographic areas within India.

The Company does not disclose separate segment information as the external reporting information provided in these financial statements reflects internal management information. Thus the assets and result of the segment can be determined by reference to the Balance Sheet and Statement of Profit and Loss for year respectively.

Information about major customers

No revenue from transaction with a single customer amounted to 10% or more of the Company's total revenue in the year ended 31st March 2022 or 31st March 2021.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

49 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

Carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are presented below.

March 31, 2022 INR actual	Carrying value	Level 1	Fair value Level 2	Level 3	Total
Financial assets					
Loans					
Cash and cash equivalents	2,861	2,861	-	-	2,861
Loan against Hypothecation of vehicle	8,854	-	8,916	-	8,916
Loan against Property	1,21,997	-	1,22,207	-	1,22,207
Finance Leases	73,475	-	75,484	-	75,484
Trade receivable	1,151	-	1,151	-	1,151
Security deposits Premises*	24	-	24	-	24
Sundry Deposits	3	-	3	-	3
Retained Interest on Loan Assigned	502	-	502	-	502
Recoverable from sale of assets	12	-	12	-	12
Exgratia receivable	-	-	-	-	-
Loans and advances to employees	14	-	14	-	14
Out of pocket expenses recoverable	5,865	-	5,865	-	5,865
	2,14,759	2,861	2,14,178	-	2,17,039
Financial liabilities					
Trade payables	3,746	-	3,746	-	3,746
Non-convertible Debentures	20,000	-	22,360	-	22,360
Term Loan	1,18,353	-	1,21,360	-	1,21,360
ECB Borrowing from Bank	20,938	-	25,536	-	25,536
Cash Credit	3,004	-	3,004	-	3,004
Overdraft facilities	-	-	-	-	-
Loans from Related Parties	1,217	-	1,217	-	1,217
Interest accrued but not due on borrowings	780	-	780	-	780
Security Deposits From Lessees*	1,572	-	1,572	-	1,572
Other Payables to Employees	250	-	250	-	250
Payable in respect of loans assigned	355	-	355	-	355
Provision for expenses	366	-	366	-	366
Payable towards refund of interest	-	-	-	-	-
Advance from customers	3,175	-	3,175	-	3,175
Lease liabilities	409	-	409	-	409
	1,74,165	-	1,84,130	-	1,84,130

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

49 Financial instruments – Fair values and risk management (Continued)

A. Accounting classification and fair values (Continued)

March 31, 2021	Carrying value	Level 1	Level 2	Level 3	Total
INR actual					
Financial assets					
Non Current					
Cash and cash equivalents	2,827	2,827	-	-	2,827
Loan against Hypothecation of vehicle	22,066	-	22,255	-	22,255
Loan against Property	1,52,776	-	1,52,776	-	1,52,776
Finance Leases	46,715	-	46,422	-	46,422
Trade receivable	1,194	-	1,194	-	1,194
Security deposits Premises*	24	-	24	-	24
Sundry Deposits	3	-	3	-	3
Retained Interest on Loan Assigned	505	-	505	-	505
Recoverable from sale of assets	29	-	29	-	29
Exgratia receivable	197	-	197	-	197
Loans and advances to employees	5	-	5	-	5
Bank Deposits maturity more than 12 months	-	-	-	-	-
Out of pocket expenses recoverable	3,193	-	3,193	-	3,193
	2,29,534	2,827	2,26,603	-	2,29,430
Financial liabilities					
Trade payables	2,809	-	2,809	-	2,809
Non-convertible Debentures	20,000	-	23,526	-	23,526
Term Loan	1,15,968	-	1,26,482	-	1,26,482
Masala Bond	10,000	-	10,000	-	10,000
ECB Borrowing from Bank	24,688	-	29,325	-	29,325
Cash Credit	245	-	245	-	245
Overdraft facilities	0	-	0	-	0
Loans from Related Parties	1,003	-	1,003	-	1,003
Interest accrued but not due on borrowings	886	-	886	-	886
Security Deposits From Lessees*	1,347	-	1,347	-	1,347
Other Payables to Employees	371	-	371	-	371
Payable in respect of loans assigned	135	-	135	-	135
Provision for expenses	466	-	466	-	466
Advance from customers	1,960	-	1,960	-	1,960
Lease liabilities	155	-	155	-	155
	1,80,033	-	1,98,710	-	1,98,710

(1) Assets that are not financial assets (such as prepaid expenses, advances to suppliers etc.), are not included.

(2) The Carrying amounts is recognised at amortised cost except for those marked with (*) which are recognised at fair value.

(2) In this table, the Company has disclosed the fair value of each class of financial assets and financial liabilities in a way that permits the information to be compared with their carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in Ind AS 109. This presentation method is optional and a different presentation method may be more appropriate, depending on circumstances.

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

- Fair value of cash and bank balances, trade payables, other current financial assets and liabilities, approximate their carrying amounts largely due to short term maturities of these instruments.
- The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Fixed rates long term borrowings	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Security Deposits	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Loans	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

49 Financial instruments – Fair values and risk management (Continued)

Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Market Risk (Interest Rate risk)
- Credit risk ;
- Liquidity risk ; and
- Currency risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii. Interest risk management framework

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates primarily to the Company's borrowings with floating interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

		INR	
		March 31, 2022	March 31, 2021
Interest bearing financial liabilities			
Fixed rate borrowings			
Non-convertible unsecured debentures		20,000	20,000
Term Loan		42,000	52,000
Security Deposits		1,572	1,347
Total		63,572	73,347
Variable rate borrowings			
Term Loan		97,291	98,656
Cash Credit		3,004	245
Overdraft Facilities		-	0
Loans and advances from related party		1,217	1,003
Total		1,01,512	99,904
Interest bearing financial assets			
Fixed rate assets			
Deposit with original maturity of more than 3 months but residual maturity of less than 12 months		109	92
Loan against Hypothecation of vehicle		8,854	22,066
Finance Leases		73,475	46,715
Loan against Property (ECLGS)		4,327	-
Loans and advances to employees		14	5
Total		86,780	68,878
Variable rate assets			
Loan against Property		1,17,670	1,52,776
Total		1,17,670	1,52,776

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

49 Financial instruments – Fair values and risk management (Continued)

ii. Interest risk management framework (Continued)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below.

INR	Profit or (loss)	
	100 bp increase	100 bp decrease
March 31, 2022		
Variable-rate instruments borrowing	1,015	(1,015)
Variable-rate instruments advances	1,177	(1,177)
INR	100 bp increase	100 bp decrease
March 31, 2021		
Variable-rate instruments borrowing	999	(999)
Variable-rate instruments advances	1,528	(1,528)

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. The sensitivity has been calculated assuming the Interest bearing asset and liabilities outstanding at the reporting date have been outstanding for the entire reporting year.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

49 Financial instruments – Fair values and risk management (Continued)

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The maximum exposure to the credit risk at the reporting date is primarily from loans against hypothecation of vehicle, loans against property and finance leases as mentioned below.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Amounts arising from Expected Credit Loss (ECL)

i. Inputs, assumptions and techniques used for estimating impairment on Loans against hypothecation of vehicles, Loans against property and Finance Lease receivables

Inputs considered in the ECL model:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and including forward looking information.

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

The company categorises Finance Lease, Commercial Vehicle Loan and Loan against property assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

Assumption considered in the ECL model:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

Estimation techniques:

The following risk parameters have been assessed to evaluate the ECL :

- The probability of default is assessed based on the flow of receivables flowing through successive DPD bucket based on past portfolio performance.
- Loss given default is assessed based on factors such as past recoveries, applicable regulatory guidance etc. Given the Loans against hypothecation of vehicles is a liquidating portfolio, the LGD for this portfolio has been stressed and kept at 40%
- For assets which are in Stage 1, a 12 month ECL is assessed. For Stage 2 and stage 3 assets a lifetime ECL is assessed
- Exposure at default is arrived at after factoring in prepayments, which are estimated based on past portfolio performance. These have been adjusted to factor in the situation arising out of COVID 19

Forward looking information:

The below table shows the values of forward looking macro economic variable used in each of the scenarios for the ECL calculation. For this purpose the Company has used the data source of Economist Intelligence Unit. GDP has been used as a macro economic factor to calculate the forward looking probabilities of default. The upside downside % change has been derived using historical standard deviation from the base scenario based on previous 7 years change in the variables.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

ii. Credit risk (Continued)

Based on the detailed evaluation, the Company has:

- Stress tested its ALM position and the Company has a comfortable liquidity outlook across all maturity buckets and has adequate liquidity position maintained in form of high-quality liquid assets and undrawn committed lines of credit.
- One of the consequences of Covid had been that courts had become non-operational and legal processes got extended. As a result, there has been some extension in resolutions of accounts in the Default category. Even though the legal processes are now operational, the management, in the LAP portfolio, has presently decided to keep a minimum LGD floor for accounts in Default category, depending on which delinquency bucket each specific account falls into. This will be reviewed from time to time.
- Certain loan accounts had been extended resolution under the Resolution Framework for COVID-19-related Stress announced by the RBI at various points of time. For MSME and Non MSME accounts, the management has kept a minimum ECL floor of 5% and 10% respectively. For CV accounts a floor of 10% has been kept.

ECL Scenario	Best Case	Base Case	Worst Case
Probability assigned -Finance Lease	21.20%	68.20%	10.60%
Probability assigned -Loan Against Property	21.20%	68.20%	10.60%
Probability assigned -Loans against hypothecation of vehicles	21.20%	68.20%	10.60%
2022 (%)	13	7	1
2023 (%)	11	5	(1)
2024 (%)	11	5	(0)
2025 (%)	11	6	(0)
2026 (%)	11	5	(1)
2027 (%)	11	6	(0)
2028 (%)	11	5	(1)
Subsequent years (%)	12	6	2

Definition of default

A default is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the company operates and other micro-economic factors.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

Policy for write-off of loan assets

After due consideration that the portfolio of Loans against hypothecation of vehicles is a liquidating portfolio for the past three years, the management during the year decided to write-off all such loans which were in dpd > 720. Accordingly, loans with a total EAD value of Rs 4514 Lakhs were written-off during the year.

ii Exposure at default and Loss allowance

The following table shows the exposure at default and loss allowance for the same

Loan against Property	2022		2021	
	EAD	ECL	EAD	ECL
Stage 1	92,806	2,032	1,21,995	1,771
Stage 2	22,006	1,135	20,701	786
Stage 3	13,515	3,163	14,387	1,749
Total	1,28,327	6,330	1,57,083	4,306

Loan against Hypothecation of vehicle	2022		2021	
	EAD	ECL	EAD	ECL
Stage 1	5,765	353	15,579	595
Stage 2	1,778	131	1,813	91
Stage 3	2,986	1,191	8,214	2,854
Total	10,529	1,675	25,606	3,540

Finance Leases	2022		2021	
	EAD	ECL	EAD	ECL
Stage 1	66,110	373	34,764	161
Stage 2	4,793	83	9,240	185
Stage 3	4,295	1,266	3,452	395
Total	75,198	1,722	47,456	741

Trade receivable	31st March 2022	31st March 2021
0 DPD		
1-60 DPD	66	78
61-90 DPD	34	137
90+ DPD	1,168	1,109
Total	1268	1324
Loss Allowance	118	132

The following table shows reconciliations from the opening to the closing balance of gross exposure

Gross carrying amount	Stage One	Stage Two	Stage Three	Total
Loan against Hypothecation of Vehicles				
Balance as at April 1, 2020	24,447	4,466	7,346	36,259
Transfer to stage one	1,827	(1,751)	(76)	-
Transfer to stage two	(1,261)	1,265	(4)	-
Transfer to stage three	(1,481)	(950)	2,430	(1)
Net remeasurement of loss allowance	(5,050)	(589)	301	(5,338)
New financial assets originated or purchased	150	-	-	150
Financial assets that have been derecognised	(3,053)	(628)	(1,783)	(5,464)
Write – off's	-	-	-	-
Balance as at March 31, 2021	15,579	1,813	8,214	25,606
Transfer to stage one	649	(314)	(335)	-
Transfer to stage two	(2,402)	2,490	(88)	-
Transfer to stage three	(1,448)	(357)	1,805	-
Net remeasurement of loss allowance	(3,794)	(1,080)	3,936	(938)
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	(2,819)	(772)	(6,083)	(9,674)
Write – off's	-	(2)	(4,463)	(4,465)
Balance as at March 31, 2022	5,765	1,778	2,986	10,529

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

Gross carrying amount	Stage One	Stage Two	Stage Three	Total
Loan against Property				
Balance as at April 1, 2020	1,34,972	24,534	6,945	1,66,451
Transfer to stage one	3,474	(3,444)	(30)	-
Transfer to stage two	(4,566)	4,566	-	-
Transfer to stage three	(3,524)	(3,013)	6,537	-
Net remeasurement of loss allowance	2,193	907	1,279	4,379
New financial assets originated or purchased	5,621	9	-	5,630
Financial assets that have been derecognised	(16,175)	(2,858)	(344)	(19,377)
Write – offs	-	-	-	-
Balance as at March 31, 2021	1,21,995	20,701	14,387	1,57,083
Transfer to stage one	3,656	(2,572)	(1,084)	-
Transfer to stage two	(7,091)	7,416	(325)	-
Transfer to stage three	(3,331)	(2,202)	5,533	-
Net remeasurement of loss allowance	(1,832)	116	(1,571)	(3,287)
New financial assets originated or purchased	1,579	38	11	1,628
Financial assets that have been derecognised	(22,169)	(1,491)	(3,436)	(27,096)
Write – offs	-	-	-	-
Balance as at March 31, 2022	92,806	22,006	13,515	1,28,327

Gross carrying amount	Stage One	Stage Two	Stage Three	Total
Finance Lease Receivables				
Balance as at April 1, 2020	33,826	11,451	1,383	46,660
Transfer to stage one	5,279	(5,235)	(44)	-
Transfer to stage two	(2,007)	2,033	(26)	-
Transfer to stage three	(1,261)	(710)	1,971	-
Net remeasurement of loss allowance	(5,531)	679	39	(4,813)
New financial assets originated or purchased	4,756	1,091	137	5,984
Financial assets that have been derecognised	(298)	(69)	(8)	(375)
Write – offs	-	-	-	-
Balance as at March 31, 2021	34,764	9,240	3,452	47,456
Transfer to stage one	6,792	(6,749)	(43)	-
Transfer to stage two	(1,206)	1,240	(34)	-
Transfer to stage three	(199)	(193)	392	-
Net remeasurement of loss allowance	13,170	552	(413)	13,309
New financial assets originated or purchased	14,039	808	1,238	16,085
Financial assets that have been derecognised	(1,250)	(105)	(212)	(1,567)
Write – offs	-	-	(85)	(85)
Balance as at March 31, 2022	66,110	4,793	4,295	75,198

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan against Hypothecation of Vehicles				
Balance as at March 31, 2020	229	231	1,805	2,265
Transfer to 12 month ECL	150	(148)	(2)	-
Transfer to Lifetime ECL not credit impaired	(58)	59	-	1
Transfer to Lifetime ECL credit impaired	(424)	(284)	708	-
Net remeasurement of loss allowance	700	261	783	1,744
New financial assets originated or purchased	18	-	-	18
Financial assets that have been derecognised	(20)	(28)	(440)	(488)
Write – offs	-	-	-	-
Balance as at March 31, 2021	595	91	2,854	3,540
Transfer to 12 month ECL	115	(17)	(98)	-
Transfer to Lifetime ECL not credit impaired	(86)	112	(26)	-
Transfer to Lifetime ECL credit impaired	(114)	(21)	135	-
Net remeasurement of loss allowance	(110)	1	2,249	2,140
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	(47)	(35)	(2,231)	(2,313)
Write – offs	-	-	(1,692)	(1,692)
Balance as at March 31, 2022	353	131	1,191	1,675

Write Offs - Loan against Hypothecation of Vehicles

	For the year ended 31 March 20022	For the year ended 31 March 20021
Amount of outstanding written off during the period but still recoverable	4,514	0

This includes interest write off of INR 770 Lakhs

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan against Property				
Balance as at April 1, 2020	170	656	873	1,699
Transfer to 12 month ECL	163	(163)	-	-
Transfer to Lifetime ECL not credit impaired	(369)	369	-	-
Transfer to Lifetime ECL credit impaired	(430)	(367)	797	-
Net remeasurement of loss allowance	2,252	361	121	2,734
New financial assets originated or purchased	4	1	-	5
Financial assets that have been derecognised	(19)	(71)	(42)	(132)
Write – offs	-	-	-	-
Balance as at March 31, 2021	1,771	786	1,749	4,306
Transfer to 12 month ECL	332	(198)	(134)	-
Transfer to Lifetime ECL not credit impaired	(210)	249	(39)	-
Transfer to Lifetime ECL credit impaired	(115)	(156)	271	-
Net remeasurement of loss allowance	440	480	1,731	2,651
New financial assets originated or purchased	2	2	2	6
Financial assets that have been derecognised	(188)	(28)	(417)	(633)
Write – offs	-	-	-	-
Balance as at March 31, 2022	2,032	1,135	3,163	6,330

Write Offs - Loan against Property

	For the year ended 31 March 2022	For the year ended 31 March 2021
Amount of outstanding written off during the period but still recoverable	-	-

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Finance Lease Receivables				
Balance as at April 1, 2020	222	304	198	724
Transfer to 12 month ECL	35	(34)	(1)	-
Transfer to Lifetime ECL not credit impaired	(30)	31	(1)	-
Transfer to Lifetime ECL credit impaired	(126)	(71)	197	-
Net remeasurement of loss allowance	35	(67)	(3)	(35)
New financial assets originated or purchased	29	23	14	66
Financial assets that have been derecognised	(4)	(1)	(9)	(14)
Write – offs	-	-	-	-
Balance as at March 31, 2021	161	185	395	741
Transfer to 12 month ECL	142	(139)	(3)	-
Transfer to Lifetime ECL not credit impaired	(9)	12	(3)	-
Transfer to Lifetime ECL credit impaired	-	(1)	1	-
Net remeasurement of loss allowance	36	15	849	900
New financial assets originated or purchased	51	16	134	201
Financial assets that have been derecognised	(8)	(5)	(22)	(35)
Write – offs	-	-	(85)	(85)
Balance as at March 31, 2022	373	83	1,266	1,722

Write Offs - Finance Lease Receivables

	For the year ended 31 March 2022	For the year ended 31 March 2021
Amount of outstanding written off during the period but still recoverable	85	0

Security Deposits, CV lease and other advances

	2021-22	2020-21
Opening balance	185	94
Net Impairment loss recognised	29	91
Balance written back		
Closing balance	214	185

Trade receivables are non interest bearing and generally on terms of 30-90 days

Trade receivable days past due	Current	1-30 days	31-60	61-90	91 and above	Total
31st March 2022						
ECL rate		0%	0%	0%	10%	
EAD		33	33	34	1,168	1,268
ECL		0	0	0	118	118
Net carrying amount	-	33	33	34	1,050	1,150
31st March 2021						
ECL rate		0%	0%	0%	12%	
EAD		79	68	68	1,110	1,325
ECL		-	-	-	131	131
Net carrying amount	-	79	68	68	979	1,194

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except stated)

ECL changes on Financial instruments recorded in P&L

Year ended 31 March 2022	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Simplified approach	Total
Loan against Hypothecation of Vehicles	-242	40	-1,663		-1,865
Loan against Property	261	349	1,414		2,024
Finance Lease Receivables	212	(102)	871		981
Trade receivables and others				76	76
Total	231	288	622	76	1,216

Year ended 31 March 2021	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Simplified approach	Total
Loan against Hypothecation of Vehicles	363	-140	1,052		1,275
Loan against Property	1,600	132	876		2,608
Finance Lease Receivables	(61)	-119	197		18
Trade receivables and others				91	91
Total	1,902	-128	2,125	91	3,991

iii. Inputs, assumptions and techniques used for estimating impairment of all other Assets other than Loans against hypothecation of vehicles (CV), Loans against property (LAP) and Finance Lease receivables (FL)

The Organization has adopted the simplified approach for estimation of impairment for such assets. Stage wise loss rates have been imputed from CV, LAP & FL as applicable in each of the other assets to arrive at the estimation of impairment for these assets

There is increase in expected credit loss in statement of profit and loss account primarily to account for any actual or potential impact related to the COVID-19 pandemic.

There is no material concentration of loss allowance at any particular geographic area.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

49 Financial instruments – Fair values and risk management (Continued)

iii. Liquidity risk

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

Maturity profile of financial assets and liabilities

The following are the remaining contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

include estimated interest payments:			Contractual cash flows				
March 31, 2022	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
INR actuals							
Financial assets							
Loans							
Cash and cash equivalents	2,861	2,861	2,861	-	-	-	-
Loan against Hypothecation of vehicle	8,854	11,722	5,020	2,609	2,878	1,215	-
Loan against Property	1,21,997	2,74,912	11,340	10,898	21,993	61,797	1,68,884
Finance Leases	73,475	90,578	23,458	15,195	25,339	26,548	38
Trade receivable	1,151	1,151	1,151	-	-	-	-
Security deposits Premises	24	24	-	-	-	24	-
Sundry Deposits	3	3	-	-	3	-	-
Retained Interest on Loan Assigned	502	503	49	45	81	251	77
Advances to suppliers of goods and services	12	12	12	-	-	-	-
Exgratia receivable	-	-	-	-	-	-	-
Loans and advances to employees	14	14	-	-	14	-	-
Other Advances	5,865	726	569	-	-	157	-
	2,14,759						
Financial liabilities							
Non-convertible unsecured debentures	20,000	22,557	-	1,077	21,480	-	-
Term Loans from Banks maturity	1,18,353	1,26,442	42,436	40,525	10,763	32,718	-
ECB Borrowing from Bank	20,938	26,215	1,452	689	1,379	22,695	-
Security deposits from lessees	1,572	2,072	283	418	398	973	-
Cash Credits Facilities	3,004	3,004	3,004	-	-	-	-
Loans and advances from related party	1,217	1,217	1,217	-	-	-	-
Trade Payable	3,746	3,746	3,746	-	-	-	-
Provision for expenses	366	366	366	-	-	-	-
Lease liabilities	409	409	50	53	93	213	-
Other Payables to Employees	250	250	250	-	-	-	-
Payable in respect of loans assigned	355	355	355	-	-	-	-
Advance from customers	3,175	3,175	3,175	-	-	-	-
Interest Accrued but not due	780	780	780	-	-	-	-
Commitment	10,603	10,603	10,603	-	-	-	-
Total	1,84,768						

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

49 Financial instruments – Fair values and risk management (Continued)

iii. Liquidity risk (Continued)

March 31, 2021 INR actuals	Carrying amount	Total	Contractual cash flows				
			Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Financial assets							
Loans							
Cash and cash equivalents	2,827	2,827	2,827	-	-	-	-
Loan against Hypothecation of vehicle	22,066	28,683	12,462	5,436	7,301	3,484	-
Loan against Property	1,52,776	3,46,899	15,167	12,158	24,739	76,814	2,18,022
Finance Leases	46,715	56,705	16,213	10,388	16,047	14,039	18
Trade receivable	1,194	1,194	1,194	-	-	-	-
Security deposits Premises	24	24	-	-	-	24	-
Sundry Deposits	3	3	-	-	3	-	-
Retained Interest on Loan Assigned	505	505	46	43	77	171	168
Advances to suppliers of goods and services	29	29	29	-	-	-	-
Exgratia receivable	197	197	-	-	-	197	-
Loans and advances to employees	5	5	-	-	5	-	-
Other Advances	3,193	500	301	-	-	199	-
	2,29,534						
Financial liabilities							
Non-convertible unsecured debentures	20,000	24,037	-	1,077	1,480	21,480	-
Term Loans from Banks maturity	1,15,968	1,16,814	33,320	17,156	52,871	13,467	-
Masala Bond	10,000	10,444	258	10,186	-	-	-
ECB Borrowing from Bank	24,688	29,943	2,368	2,564	2,316	22,695	-
Security deposits from lessees	1,347	1,901	167	448	519	767	-
Cash Credits Facilities	245	245	245	-	-	-	-
Overdraft facilities	0	0	0	-	-	-	-
Loans and advances from related party	1,003	1,003	1,003	-	-	-	-
Trade Payable	2,809	2,809	2,809	-	-	-	-
Provision for expenses	466	466	466	-	-	-	-
Lease liabilities	155	155	33	19	43	60	-
Other Payables to Employees	371	371	371	-	-	-	-
Payable in respect of loans assigned	135	135	135	-	-	-	-
Advance from customers	1,959	1,959	1,959	-	-	-	-
Interest Accrued but not due	886	886	886	-	-	-	-
Commitment	7,753	7,753	7,753	-	-	-	-
Total	1,87,785						

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to the financial liabilities and financial assets.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

49 Financial instruments – Fair values and risk management *(Continued)*

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

Currency risk

The Company has its revenues and other transactions in its functional currency i.e. INR except immaterial expenditure in foreign currency. Accordingly the Company has no material exposure to currency risk as on 31st March 2022.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

50 Capital Management

The Company's objectives when managing capital are to (a) maximise shareholders value and provide benefit to the stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity.

	INR Lakhs	
	As at March 31, 2022	As at March 31, 2021
Borrowings	1,65,864	1,74,137
Gross Debt	1,65,864	1,74,137
Less - Cash and Cash Equivalents	(2,861)	(2,827)
Adjusted Net debt	1,63,003	1,71,310
Total equity	63,228	61,861
Adjusted Net debt to equity ratio	2.58	2.77

The Company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio of the Company.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI as per circular number DOR(NBFC).CC.PD.NO.109/22.10.106/2019-20 dated 13 March 2020

Particulars	31 March 2022	31 March 2021
Regulatory capital		
i) Tier I Capital (%)	24.35%	22.79%
ii) Tier II Capital (%)	1.24%	1.09%
Total Capital	25.59%	23.88%

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

51 Repayment schedule of borrowings :

Loan as on 31 March 2022 are repayable as stated below

	Interest Rate	Less than 1 year	1-2 years	2-3 years	3-5 years	Total
Floating						
Monthly	7.00% to 8.45%	12,058	964	-	-	13,022
Quarterly	5.95% to 8.50%	10,521	7,500	5,000	3,750	26,771
Bullet Payment	4.35% to 9.10%	55,499	-	23,000	-	78,499
Fixed						
Monthly			-	-	-	-
Quarterly			-	-	-	-
Bullet Payment	6.35% to 7.60%	4,000	20,000	-	20,000	44,000
Total		82,078	28,464	28,000	23,750	1,62,292

Loan as on 31 March 2021 are repayable as stated below

	Interest Rate	Less than 1 year	1-2 years	2-3 years	3-5 years	Total
Floating						
Monthly	7.00% to 8.45%	20,308	12,058	967	-	33,333
Quarterly	5.95% to 8.50%	15,417	5,521	2,500	-	23,438
Bullet Payment	5.70% to 7.35%	6,000	32,000	-	10,000	48,000
Fixed						
Monthly			-	-	-	-
Quarterly	8.80%		-	-	-	-
Bullet Payment	4.70% to 7.60%	22,130	4,000	20,000	20,000	66,130
Total		63,855	53,579	23,467	30,000	1,70,901

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

52 Deferred tax

	Net balance April 1, 2021	Recognised in profit or loss	Recognised in OCI	Net	31-Mar-22 Deferred tax asset	Deferred tax liability
Deferred tax asset						
Lease rentals and tax depreciation	5,031	(455)	-	4,577	4,577	-
Provision for non-performing assets//Expected Credit Losses	1,762	866	-	2,629	2,629	-
Provision for leave encashment & gratuity	57	18	-	75	75	-
Maintenance linked reserve	24	9	-	33	33	-
Others	-	101	-	101	101	-
Ind AS Adjustments						
Effective interest rate on borrowings	1	0		1	1	-
Effective gain on loan transfer transactions	(240)	(2)		(242)	-	(242)
Employee benefits Other Comprehensive Income profit & loss	1	4		5	5	-
Employee benefits Other Comprehensive Income	-	(4)	4	-	-	-
Discounting of security deposits paid for premises	4	4		8	8	-
Discounting of security deposits received from lessees	(3)	11		7	7	-
Initial direct cost salary expense	13	-		13	13	-
Salaries	8	0		8	8	-
Tax assets (Liabilities)	6,658	553	4	7,217	7,459	(242)
Net tax assets	6,658	553	4	7,217	7,459	(242)

	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net	31-Mar-21 Deferred tax asset	Deferred tax liability
Deferred tax asset						
Lease rentals and tax depreciation	4,808	223	-	5,031	5,031	-
Provision for non-performing assets//Expected Credit Losses	836	926	-	1,762	1,762	-
Provision for leave encashment & gratuity	36	21	-	57	57	-
Maintenance linked reserve	21	3	-	24	24	-
Ind AS Adjustments						
Lease rental straight lining	1	(1)		-	-	-
Effective interest rate on borrowings	38	(37)		1	1	-
Effective gain on loan transfer transactions	(247)	7		(240)	-	(240)
Effective interest rate on loans and advances	10	(10)		-	-	-
Employee benefits Other Comprehensive Income profit & loss	(38)	38		-	-	-
Employee benefits Other Comprehensive Income	38	(37)	-	1	1	-
Discounting of security deposits paid for premises	(42)	46		4	4	-
Discounting of security deposits received from lessees	(7)	4		(3)	-	(3)
Initial direct cost salary expense	-	13		13	13	-
Salaries	-	8		8	8	-
Tax assets (Liabilities)	5,454	1,204	-	6,658	6,901	(243)
Net tax assets	5,454	1,204	-	6,658	6,901	(243)

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

53 Tax expense

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2022	For the year ended March 31, 2021
	INR	INR
Current income tax	1,261	2,918
Excess Provision for previous years	(1,081)	-
	180	2,918
Deferred income tax liability / (asset), net		
Increase in deferred tax assets	(541)	(1,173)
Increase in deferred tax liabilities due to Ind AS Adjustments	(9)	(31)
Deferred tax expense	(550)	(1,205)
Tax expense for the year	(370)	1,714

(b) Amounts recognised in other comprehensive income

	Tax (expense) benefit	Tax (expense) benefit
	INR	INR
Remeasurements of the defined benefit plans	4	(1)
	4	(1)

(c) Reconciliation of effective tax rate

	For the year ended March 31, 2022	For the year ended March 31, 2021
	INR	INR
Profit before tax	1,012	6,477
Tax using the Company's domestic tax rate 25.168%	255	1,630
Tax effect of amounts which are not deductible in calculating taxable income:		
Non Deductible expenses	814	80
Other Comprehensive Income	4	(1)
Other provision and deduction including u/s 36	(362)	4
(Excess) / Short provision of tax for earlier years	(1,080)	-
	(370)	1,714

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

54 Change in liabilities arising from financing activities

Particulars	1 April 2021	Cash Flows	31 March 2022
Term loan	1,15,968	2,385	1,18,353
ECB Borrowing	24,688	(3,750)	20,938
Non Convertible Debenture	20,000	-	20,000
Masala Bond	10,000	(10,000)	-
Loans and advances from related party	1,003	214	1,217
Lease Liability on principal component	156	253	409
Interest accrued but not due on borrowings	886	(106)	780
Increase in Cash Credit & overdraft facilities	245	2,759	3,005
Total	1,72,946	(8,244)	1,64,702

Particulars	1 April 2020	Cash Flows	31 March 2021
Term loan	1,53,466	(37,498)	1,15,968
Non Convertible Debenture	20,000	-	20,000
ECB Borrowing	17,500	7,188	24,688
Masala Bond	10,000	-	10,000
Loans and advances from related party	672	331	1,003
Lease Liability on principal component	348	(192)	156
Interest accrued but not due on borrowings	1,500	(614)	886
Increase in Cash Credit & overdraft facilities	205	40	245
Total	2,03,691	(30,746)	1,72,946

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

55 Public disclosure on liquidity risk

Public disclosure on liquidity risk based on audited financial statement as at 31st March 2022 pursuant to RBI notification RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

1) Funding Concentration based on significant counterparty (both deposits and borrowings).

Sr. No.	Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1	14	1,60,357	NA	92%

Total liability does not include Equity

2) Top 20 large deposits (amount in ₹ Lakhs and % of total deposits) - Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits

3) Top 10 borrowings (% of total borrowings) -

Sr. No.	Particulars	Amount	% of total borrowings
1	Bank Term Loan	97,858	56%
2	Bank Working Capital	25,497	15%
3	ECB Borrowing	20,938	12%
4	NCD	20,000	11%

4) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	Amount	% of Total Liabilities
1	Bank Borrowing	1,23,355	70%

5) Stock Ratios:

Sr. No.	Particulars	
1	Commercial Papers to Total Public Funds	NA
2	Commercial Papers to Total Liabilities	NA
3	Commercial Papers to Total Assets	NA
4	NCD (Original Maturity<1 year) to Total Public Funds	NA
5	NCD (Original Maturity<1 year) to Total Liabilities	NA
6	NCD (Original Maturity<1 year) to Total Assets	NA
7	Other Short Term Liabilities to Total Public Funds	NA
8	Other Short Term Liabilities to Total Liabilities	53%
9	Other Short Term Liabilities to Total Assets	39%

Note : 1) Total liability does not include net worth

6) Institutional set-up for liquidity risk management

The company manages its liquidity risk based on the policy for liquidity risk management which incorporates the principles laid down by RBI in the liquidity risk management framework for NBFC.

The Company's Board of Directors has overall responsibilities of management of liquidity risk.

The Company has a Risk Management Committee, which reports to the Board and is responsible for evaluating overall risks faced by Company including liquidity risk

Asset Liability Committee of company consisting Directors is responsible for ensuring adherence to the risk tolerance limit and implementing the liquidity risk management strategy of the Company

The Company has also set up ALM support group.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

56 Other Statutory Information

- i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property for the financial years ended March 31, 2022 and March 31, 2021.
- ii) The Company do not have any transactions with companies struck off.
- iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period for the financial years ended March 31, 2022 and March 31, 2021.
- iv) The Company have not traded or invested in Crypto currency or Virtual Currency for the financial years ended March 31, 2022 and March 31, 2021.
- v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall for the financial years ended March 31, 2022 and March 31, 2021 :
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vi) The company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall for the financial years ended March 31, 2022 and March 31, 2021 :
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961 for the financial years ended March 31, 2022 and March 31, 2021.
- viii) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2022 and March 31, 2021.
- ix) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2022 and March 31, 2021.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(All amounts are in INR Lakhs, except as stated)

57 Other Ratio

Particulars	Denominator	31 March 2022	31 March 2021	% Variance	Reason for Variance
a) Capital to risk weighted assets ratio (CRAR)	Risk weighted assets	25.58%	23.88%	7.15%	NA
b) Tier I CRAR Tier I Capital	Risk weighted assets	24.35%	22.79%	6.83%	NA
c) Tier II CRAR Tier II Capital	Risk weighted assets	1.24%	1.09%	13.88%	Due to reduction on portfolio
d) Liquidity coverage ratio	Total net cash outflows	17%	25%	-32.40%	Due to increase in outflow for finance lease disbursement.

Total risk weighted assets represents the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI.

Tier I capital means own funds as reduced by investment in shares of other NBFCs and in shares, debenture, bonds, outstanding loans and advances, hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the total owned funds.

Tier II capital includes preference share capital, revaluation reserve, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.

ORIX Leasing and Financial Services India Limited

58 Disclosures required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(All amounts are in INR Lakhs, except as stated)

Particulars		31 March 2022		31 March 2021	
<u>Liabilities side :</u>		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	Loans and advances availed by the nonbanking financial company inclusive of financial interest accrued thereon but not paid :				
	(a) Debentures : Secured	-	-	-	-
	: Unsecured	20,000	-	20,000	-
	(other than falling within the meaning of public deposits*)				
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	1,42,295	-	1,50,901	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Other Loans (specify nature) Cash Credit & Subordinate Debt pursuant to scheme of reorganisation	-	-	-	-
	-Cash Credit & short term loans	-	-	-	-
	-Subordinate Debt	-	-	-	-

* Please see note 1 below

Particulars		31 March 2022 Amount outstanding	31 March 2021 Amount outstanding
<u>Assets side :</u>			
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (3) below] :		
	(a) Secured	-	-
	(b) Unsecured	-	-
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease (Net Stock of Finance Lease + Sundry Debtors) (Net of Provision)	73,475	46,715
	(b) Operating lease (incl Sundry Debtors)	1,146	978
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above including debtors (Net of Provision)	1,30,851	1,74,842

58 Disclosures required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

58.1) Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (Continued)

Particulars	31 March 2022 Amount outstanding	31 March 2021 Amount outstanding
(4) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long Term investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

Particulars	31 March 2022 Amount outstanding	31 March 2021 Amount outstanding
(5) Borrower group-wise classification of assets financed as in (2) and (3) above:		
Please see Note 2 below		
Category		
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	3
(c) Other related parties	-	-
2. Other than related parties	2,05,472	2,22,532
Total	2,05,472	2,22,535

- 58 Disclosures required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)
- 58.2) Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (Continued)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below				
Category	31 March 2022		31 March 2021	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
Total	-	-	-	-

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

Particulars	31 March 2022 Amount	31 March 2021 Amount
(7) Other information		
Gross Non-Performing Assets		
(i) (a) Related parties	-	-
(b) Other than related parties	20,796	26,055
Net Non-Performing Assets		
(ii) (a) Related parties	-	-
(b) Other than related parties	15,176	21,054
(iii) Assets acquired in satisfaction of debt		

As per our report of even date attached

For Dass Gupta & Associates

Chartered Accountants

Firm's registration No. 000112N

RAAJA
JINDAL

Digitally signed by
RAAJA JINDAL
Date: 2022.06.27
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Raaja Jindal
Partner

Membership No: 504111

New Delhi
27 June 2022

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited

SANDEEP
GAMBHIR

Digitally signed
by SANDEEP
GAMBHIR
Date: 2022.06.27
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Sandeep Gambhir
Managing Director
(DIN - 00083116)

VIVEK
WADHERA

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by VIVEK
WADHERA
Date: 2022.06.27
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Vivek Wadhera
CFO

TAKASHI
YAMASAKI

Digitally signed by
TAKASHI
YAMASAKI
Date: 2022.06.27
19:02:29 +05'30'

Takashi Yamasaki
Director
(DIN - 09238975)

MEETA
SAGAR
SANGHVI

Digitally signed by
MEETA SAGAR
SANGHVI
Date: 2022.06.27
19:04:57 +05'30'

Meeta Sanghvi
Company Secretary