



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

**Annual Report
2020 - 2021**

**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 OAIS 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. Takashi Nakayama	:	DIN 08768983	:	Director
Mr. Ryohei Suzuki	:	DIN 08218888	:	Director
Mr. Takehiro Onishi	:	DIN 09019630	:	Additional Director
Mr. Abhay Kakkar	:	DIN 06659327	:	Independent Director
Mr. Nagesh Dubey	:	DIN 06967617	:	Independent Director
Mr. Rajeev Lochan Seth	:	DIN 00111866	:	Independent Director
Ms. Gouri Sawant	:	DIN 07748113	:	Director

Statutory Auditors:

B S R & Co. LLP, Chartered Accountants (ICAI Reg. no. 101248W/W-100022)

Registered Office:

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Andheri-Kurla Road, Andheri (East),
Mumbai - 400059
Tel: 91 22 67070100
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CIN: U74900MH2006PLC163937

Key Managerial Personnel:

Mr. Sandeep Gambhir - Managing Director

Mr. Vivek Wadhera - Chief Financial Officer

Ms. Meeta Sanghvi - Company Secretary & Compliance Officer



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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) IDFC First 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 Fifteenth Annual Report on the business and operations of your Company together with the audited annual accounts for the financial year ended March 31, 2021.

(I) Financial Performance:

The summary of the Financial Performance of the Company for the Financial Year 2020-2021 as compared to previous financial year 2019-2020 is given below:

(Currency: Indian Rupees In Lakhs)

Particulars		2020-2021	2019-2020
Gross Income	:	33,869	34,804
Profit/(loss) before interest, depreciation and taxation	:	22,191	26,486
Financial charges	:	14,767	17,972
Depreciation	:	947	927
Profit/(Loss) before tax	:	6,477	7,587
Provision for tax:			
Current Tax	:	2,918	2,321
Deferred Tax	:	(1,203)	1,608
Income Tax relating to previous year	:	-	18
Profit/(Loss) after tax	:	4,762	3,641
Transferred to Reserve Fund	:	952	731
Balance Carried forward	:	17,090	13,280

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, 2021 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:

With the outbreak of COVID-19 pandemic, the company's business has been adversely impacted. While there is no impact on the Finance lease business, loan against property and Commercial vehicle lending business have been impacted. Due to the impact on the clients, the collections on these two retail lending business have taken a hit

Revenue for the company has reduced by 2.69% to INR 3.39Bn and Profit before Tax reduced by 14.62% to INR 648Mn over the previous year 2019-20

The Company has followed a conservative approach over the last year and with COVID -19 impact, the same approach will continue over the next few quarters. Loan moratorium has already impacted the collections and sluggish GDP forecast and reduced Auto sales will impact the fresh disbursements for both Loan against property and Finance lease business.

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 has a People First Philosophy and all the necessary steps were taken to ensure the safety and wellbeing of our employees and their families. Workplace sanitization, rostering of the employee population to prevent overcrowding, closure of office premises as and when required, and following the requisite covid protocols were some of the steps taken to keep the employee population protected

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 24.60% as at March 31, 2021 as against the minimum regulatory requirement of 15% for non-deposit accepting NBFCs.

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(V) Credit Rating:

The India Ratings & Research Private Limited (FITCH) have affirmed ratings vide its letter dated June 09, 2021 for the various facilities availed by the Company, details of which are given below:

Facility	Rating	Amount (Rs. in mn)
Short Term	IND A1+	10,575
Long Term	IND AAA	12,922
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, unsecured redeemable non-convertible debentures (NCDs) and Masala Bond.

All the NCDs issued during the year 2016 and 2017 and listed on Wholesale Debt Market (WDM) of the National Stock Exchange of India Limited were redeemed effective September 21, 2020 and all the payment obligations were made to the Debenture Holders on the due date.

During the year under review, your Company:

- (1) raised Rs.3,000 million through term loans from Banks (including Parent Loan Rs.1,000 million), Interest payment or principal repayment of the term loans due as on March 31, 2020 has been paid; and
- (2) issued Senior, Unsecured, Unlisted, Redeemable, Rated Non-convertible Debentures on Private Placement basis and raised an amount aggregating to Rs. 2000 million.

The Company has not received any grievances from the debenture holders. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debenture holders as and when they become due.

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, 2021 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:** Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company in the Annual General Meeting of the Company held on July 29, 2016 to hold office from the conclusion of tenth Annual General Meeting (AGM) until the conclusion of the fifteenth AGM of the Company to be held in the year 2021.

The observations made by the Auditors' in their report for the financial year ended March 31, 2021 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, 2021.

- (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 31, 2021 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 2020 - 21.

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, 2021. 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 \(orixindia.com\)](http://ORIX-OLFS: Reports & Filings (orixindia.com)).
- (2) Disclosure as per Section 197(12) of the Companies Act, 2013 read with Rule 5(1) 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'.

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- (3) Disclosures in terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in 'Annexure-C'.
- (4) 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-D'.

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 Board of Directors of your Company have approved the Related Party Transactions Policy of the Company. During the year under review, the Board of Directors based on the recommendations of the Audit Committee, amended the Policy on Related Party Transactions and the same is uploaded 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;
- (5) Determining the disclosures / compliances to be adhered in relation to the related party(ies) transaction.

Transactions with related parties, as per the requirements of Accounting Standard 18, are disclosed to the notes to accounts annexed to the financial statements.

- (5) 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. The said Policy is available on the website of the Company at [Microsoft Word - NRC Policy - OLFS - 2017 \(orixindia.com\)](https://www.orixindia.com/pdf/OLFS-policy/corporate-governance/policy/NRC-Policy-OLFS-2017.pdf). 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

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director and other matters provided under Section 178(3) is also annexed as 'Annexure-E'.

(6) Disclosures pursuant to the provisions of Rule 8(5) of the Companies (Accounts) Rules, 2014 are as follow:

- (a) There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.;and
- (b) There was no instance of one time settlement with any Bank or Financial Institution.

(XIII) Moratorium of Loans

The RBI had announced Moratorium for 6 months on repayments for the period March 2020 to August 2020 for term loans and working capital facilities outstanding as on February 29, 2020. This was part of the regulatory measures adopted to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure continuity of viable businesses. As part of the scheme and as per Company's Board approved policy, the Company has provided moratorium to eligible borrowers. Refer note 46 of Notes to Accounts for disclosure as per circular on moratorium.

(XIV) Corporate Governance:

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

(XV) 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.

(2) Technology Absorption:

Not Applicable

(3) Foreign Exchange Earnings and Outgo:

There is foreign exchange outgo of Rs.2110.87 lakhs during the financial year under review.

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

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

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

- (1) Pursuant to the re-appointment of Mr. Nagesh Dubey (DIN: 06067617) and Mr. Abhay Kakkar (DIN: 06659327), Independent Directors, by the Board of Directors of the Company as mentioned in the previous Annual Report, the Members in their 14th Annual General Meeting held on September 25, 2020 approved their re-appointment to hold office as Independent Directors of the Company not liable to retire by rotation on the Board of the Company for the period of five years commencing from March 09, 2020 until March 08, 2025.

- (2) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on July 7, 2020, appointed Mr. Yoshiaki Matsuoka (DIN: 08141800) as an Additional Non-Executive Director of the Company with effect from July 7, 2020. The Members of the Company in their 14th Annual General Meeting held on September 25, 2020, approved his appointment as Director of the Company.

Further the Board of Directors, at its meeting held on March 31, 2021 appointed Mr. Yoshiaki Matsuoka (DIN: 08141800), the existing Director of the Company as the Chairman of the Board and the Company with effect from March 31, 2021,

- (3) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on November 04, 2020, appointed Mr. Takashi Nakayama (DIN: 08768983) as an Additional Non-Executive Director of the Company with effect from November 04, 2020. The Members of the Company in their 18th Extra-Ordinary General Meeting held on December 23, 2020, 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 March 31, 2021, appointed Mr. Takehiro Onishi (DIN: 09019630) as an Additional Non-Executive Director of the Company with effect from March 31, 2021 upto the date of 15th Annual General Meeting of the Company and thereafter subject to the approval of the Members at the ensuing General Meeting of the Company.
- (5) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on December 11, 2020, re-appointed Mr. Sandeep Gambhir (DIN: 00083116) as Managing Director of the Company for the period commencing from January 08, 2021 until March 31, 2021. The Members of the Company in their 18th Extra-Ordinary General Meeting held on December 23, 2020, approved his re-appointment as Managing Director of the Company for the period commencing from January 08, 2021 until March 31, 2021.

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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 subject to the approval of the Members in the ensuing General Meeting of the Company.

- (6) In the view of organizational changes at ORIX Corporation (Japan), the Ultimate Holding Company:
- (a) Mr. Ikuo Nakamura (DIN 08074714) Director had resigned from the Board of Directors of the Company with effect from July 03, 2020.
 - (b) Mr. Kiyokazu Ishinabe (DIN 07763966) Director had resigned from the Board of Directors of the Company with effect from November 04, 2020.
 - (c) Mr. Harukazu Yamaguchi (DIN 03535391), Director and Chairman had resigned from the Board of Directors of the Company with effect from March 31, 2021.

The Board placed on record its sincere appreciation for the valuable contribution and services rendered by Mr. Ikuo Nakamura, Mr. Kiyokazu Ishinabe as Directors of the Company and Mr. Harukazu Yamaguchi as Director and Chairman of the Company.

- (7) Mr. Sandeep Gambhir (DIN 00083116), Managing Director, Mr. Vivek Wadhwa, Chief Financial Officer and Ms. Meeta Sanghvi (ICSI Membership no. A21168), Company Secretary and Compliance Officer 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.

(XVIII) Retire by Rotation :

In accordance with Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Ryohei Suzuki (DIN: 08218888) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his re-appointment.

(XIX) 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

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not disqualified from being appointed/ continuing as Directors in terms of section 164 of the Companies Act, 2013.

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

The Company has received declaration from Mr. Nagesh Dubey (DIN: 06967617), Mr. Abhay Kakkar (DIN: 06659327) and Mr. Rajeev Lochan Seth (DIN: 00111866), 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. No transaction was entered with Independent directors in 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.

(XXI) 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

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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, 2021 stood at 10.41% and 9.43% 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.

(XXII) 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. During the year under review, the Board of Directors based on the recommendations of the Audit Committee, amended the Whistle Blower Policy and the same is uploaded on the Company's website at the web-link [Microsoft Word - Whistle Blower Policy-04.11.2020.OLFS \(orixindia.com\)](http://Microsoft Word - Whistle Blower Policy-04.11.2020.OLFS (orixindia.com))

The Company conducts regular workshops and training sessions to inform and educate the employees about Whistle Blower Policy. During the year 2020-2021 the Company had received one complaint in the form of Whistle Blower under the Whistle Blower Policy. All the reported incidents were dealt and disposed-off by the Audit Committee in accordance with the Whistle Blower Policy of the Company.

(XXIII) 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, education. 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.

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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-G”.

(XXIV) 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.

(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
- (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

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- (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.

Since FY 2013-2014 and until March 31, 2021, the Internal Function was headed by Mr. Jay Gandhi. He was also made in-charge of the Compliance Department, an independent department to oversee functions as stipulated above. Considering the Company's size, shareholder's interest and governance perspective, the Internal Audit function had been segregated from the Management and accordingly Mr. Jay Gandhi relinquished his position as Head of Internal Audit and Mr. Akshat Shetty has been appointed as Head of Internal Audit effective April 1, 2021. Mr. Gandhi will continue to head other functions such as Legal, Secretarial and Compliance besides the Company Secretary of holding Company

(XXV) 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.

(XXVI) 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.

(XXVII) Policy on Prevention of Sexual Harassment:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules

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thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has constituted Internal Complaints Committees as per the above Act. During the year under review, no complaint was received by the Company under the above Act. Internal Committees under Prevention of Sexual Harassment Act were constituted across locations of the Company.

(XXVIII) 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.

(XXIX) 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, 2021, 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, 2021 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.

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(XXX) 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.

(XXXI) 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.

(XXXII) Management Discussion and Analysis for F.Y:2020- 2021:

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 automobile sales were growing in FY 20-21 and hence the finance lease business continues to do well. 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 collections have also gotten impacted due to continuous lockdown scenario. Some of the initiatives taken by the government would help mitigate the impact on the economy but it would take some time for the company to get back to normal or a pre COVID scenario.

The RBI, on 27th March, 2020 announced a moratorium on working capital and term loans given by financial institutions to their borrowers. As a result of this, the collection on Loan against property and Commercial vehicle business has gotten impacted. Further RBI came out with Restructuring guidelines and that would help the clients get back on track faster.

- (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.

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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** - The biggest challenge in the current market is the impact of COVID 19. While the Company is working diligently to assess and mitigate the impact, the real quantum and timing of this on liquidity and portfolio quality is yet to be seen. The Company also recognizes the threat that COVID 19 poses to the health and safety of its employees. Hence, timely and necessary actions were taken to ensure the health and safety of the employees and additional steps continue to be taken on an ongoing basis, as the situation warrants.
- (4) Segment-wise or product-wise performance of the Company during last 6 years is as below::

Rs in Mn

SME	2015	2016	2017	2018	2019	2020	2021
Disbursement	98	916	3,231	7,338	9,158	4,385	623
Balance Sheet Size	98	949	3,538	9,821	15,539	16,475	15,272
Revenue	1	61	236	758	1,551	1,977	2,116

FL	2015	2016	2017	2018	2019	2020	2021
Disbursement	1,480	2,075	2,074	2,001	3,322	3,154	3,303
Balance Sheet Size	2,387	2,994	3,451	3,351	4,238	4,594	4,491

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Revenue	352	412	460	445	528	656	614
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CV	2015	2016	2017	2018	2019	2020	2021
Disbursement	1,567	2,775	2,621	4,236	2,936	275	-
Balance Sheet Size	1,815	3,403	4,398	6,297	5,822	3,591	2,355
Revenue	199	366	543	687	881	624	484

Note: From FY: 2015 to FY 2018 number are as per IGAAP and from FY 2019 to FY 2021 number are as per IND AS

- (5) **Outlook** – The company has maintained a strong performance trajectory over the past few years, the same has however been impacted due to COVID 19. The company expects the impact to stay over the short to medium term. Basis the strong business model, a healthy client base, a 100% secured lending book, comfortable liquidity position and shareholder support, the company is confident that it would tide over this crisis as well. The Company believes that it is well placed vis a vis its competition to be able to capitalise on some of the opportunities that would come its way once the economy starts opening up in the near future.
- (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

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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, Senior Management Panel Discussion & Employee Town Hall**

- On June 19, 2020 ORIX hosted the panel discussion with the senior leadership team to share their perspectives, current challenges, and existing business opportunities in Covid times. The essence of the panel discussion was to present a diverse perspective on the same and educate, inspire, and spark the employee's curiosity during such times. Our employees got a chance to learn and interact with the senior leadership team of the company that included- Mr. Sandeep Gambhir, Managing Director; Mr. Vivek Wadhwa Chief Financial Officer -, Business Head BTS - P N Subramanian, Business Head Lease - Dipankar Sen, and Head HR- Mr. Manmohan Malik.

Employee Town Hall Meeting: similar employee town meetings were conducted in quarter 3 which enabled the senior leadership to keep employees informed.

(b) **Training and Development:** Provision of a variety of Training & Development opportunities in FY. 2020-2021 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.

(i) **E-Learning** – Training was provided to employees through a digital platform to meet the objectives and challenges & accommodated everyone's training needs.

(ii) **Up-Skilling Training** – Employees completed self-learning training through online platforms on multiple topics of their choice and enhanced their skills and knowledge.

(iii) **POSH Awareness Workshops**

Total Man-hours completed in FY. 2020-21: 6080 (On-Roll)

Total Man – Days completed in FY. 2020-21: 760 (On-Roll)

(c) **Star Awards Program:** The company continued with Star Awards program quarterly for recognition of performance excellence and to in-still enhancement in motivation levels at the staff levels. The focus is to encourage those additional efforts taken by employees to create value addition in the service they provide to the organization/ customers.

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- (d) **Wellness Wednesday:** The initiative was introduced to encourage balance the covid related anxiety and disruption in work life balance. Employees were providing with a day off to rejuvenate, with a work-free day were no phone calls, emails, or team meetings.
- (e) **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 72 employees was recognized for work anniversaries & 518 on birthdays.
- (f) **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 25th September '2020. The awards nights were broadly segregated into three categories mainly Individual Awards, Team Awards & Collaboration Awards and in together 248 employees were awarded that night.
- (g) **Buddy Program:** The initiative to provide welcoming experience for new joiners continued through this Program. The buddy partner essentially helps the new joiner in understanding the formal and informal culture of the organization, the program helps them in a smooth transition into a new organization and gets them to know some quick facts about ORIX and the way we work. The programmed started in 2018 and is still running successfully.
- (h) **Employee Engagement, Team Building Activities:** 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: 36 (FY. 2020-21)

- (i) Yoga day
- (ii) Annual Sports Festival

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(iii) Talent Show on ORIX Awards Night with the employees and their families.

- (i) **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.
- (j) **OMG – ORIX Mentorship Program:** The ORIX Mentorship Program or OMG was started in April 2019 with the purpose to tap into the existing knowledge, skills, and experience of senior high-performing employees and transfer these skills to less experienced but high potential employees to enhance their careers. Under this program, identified employees are assigned to a senior leader where they receive advice, counsel, or guidance about their career aspirations over a defined period.

These senior leaders have helped the mentees manage their careers better. Some of the key developmental themes are:

- Time management
- Multi-tasking
- Problem Solving
- Public speaking
- Creative Thinking

The said program helped in integrating expert knowledge transfer through ongoing sessions and assessments to help build leaders of tomorrow for the company. The mentorship program is in continuation however due to the pandemic the sessions were discontinued though these initiatives are up and running. The success of the program can be measured with the fact that nearly 41 % of the employees enrolled for the program were successful in getting the next level of elevation in their category of appraisal cycle just concluded.

(XXXIII) 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.

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- (3) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- (4) No change in nature of business.
- (5) Material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2021) and the date of the Report - The outbreak of COVID-19 pandemic globally and in India have caused significant disturbance and slowdown of economic activity. Operations and revenue have been impacted due to COVID-19.

(XXXIV) Acknowledgements:

We are grateful to the Government of India, Ministry of Corporate Affairs, Reserve Bank of India, Stock Exchange, 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.

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 Limited

**Sandeep
Gambhir**
Digitally signed by Sandeep
Gambhir
DN: ou=Sandeep Gambhir,
o=ORIX Auto Infrastructure
Services Ltd., ou=ORIX Auto
Infrastructure Services Ltd.,
email=sandeep.gambhir@orix
india.com, c=IN
Date: 2021.06.30 18:04:57
+05'30'

**Sandeep Gambhir
Managing Director
DIN: 00083116**

**RYOHEI
SUZUKI**
Digitally signed
by RYOHEI
SUZUKI
Date: 2021.06.30
19:31:04 +05'30'

**Ryohei Suzuki
Director
DIN: 08218888**

Place: Mumbai
Date: June 30, 2021



FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[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 2021 (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:

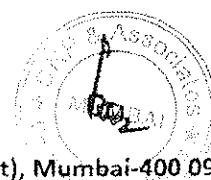
- (i) Our verification of the Company's books, papers, minutes books, soft copies of various records, scanned copies of minutes of the Board and its Committees and Statutory Registers, forms and returns filed and other records sent over mail and maintained by the Company;
- (ii) Compliance certificates 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 and / or 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 2021, 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 Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable for debt listing :
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities Regulations, 2008; and
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
- (vi) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (vii) 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:

- (i) The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and 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) (i) The Secretarial Standards on meetings of Board of Directors (SS-1) and on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to the meetings of Board, Committees constituted by the Board, 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 it's Committees held through video conferencing was verified based on the minutes of the meetings provided by the Company.

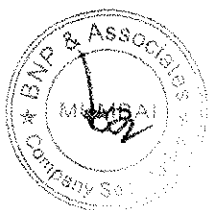
(ii) The Secretarial Standard on General Meetings (SS-2) in respect of the 14th Annual General Meeting held on 25th September 2020 and 18th Extra Ordinary General Meeting held on 23rd December 2020.

(d) We are informed that :

- (i) During the year under review, in an investigation of a case under Whistle Blow mechanism, a fraud caused by a set of borrowers with the Company in Commercial Vehicle Department was ascertained which was done by these borrowers by creation of fake documents of used commercial vehicles such as Registration Certificate/s and Insurance Policy copies and against these documents valuation report/s were submitted through Valuer. These borrowers obtained loan initially, in the financial year 2016-2017, aggregating to ₹ 804.45 Lakhs against these used vehicles and by submitting fake documents. We are also informed that, it was later ascertained that most of these borrowers have caused fraud with other banks and financial institutions following the same *modus operandi*. The said instance of fraud is under investigation by the Police Department and has been reported to the Audit Committee and the Board of Directors of the Company as well as to Reserve Bank of India through prescribed Returns. We are also informed that the Company has made relevant provision in the Books of Accounts, for the year under review.

(ii) There was no instance of sexual harassment case reported.

- 1.3. We are informed that, during / in respect of 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 Overseas Direct Investment and Foreign Direct Investment;
- (ii) The following Regulations and Guidelines prescribed under the SEBI Act:-
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - e. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

2. Board processes:

We further report that:

2.1 The Board of Directors of the Company as on 31st March 2021 comprised of:

- (i) A Managing Director;
- (ii) Five Non-Executive Non-Independent Directors (Includes One Additional Director); and
- (iii) Three Non-Executive Independent Directors

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

- (i) Resignation of Mr. Ikuo Nakamura (DIN:- 08074714) as a Director of the Company w.e.f. 03rd July 2020
- (ii) Appointment of Mr. Yoshiaki Matsuoka (DIN:- 08141800), as a Director, who was appointed as an Additional Director by the Board of Directors on 07th July 2020 and , the same was regularized at the 14th Annual General Meeting held on 25th September 2020. He was also appointed as Chairman of the Board and the Company by the Board of Directors in their meeting held on March 31, 2021.
- (iii) Re-appointment of Mr. Nagesh Dubey (DIN:- 06967617) as an Independent Director of the Company for a period of 5 years from 09th March 2020 to 08th March 2025 at the 14th Annual General Meeting held on 25th September 2020



- (iv) Re-appointment of Mr. Abhay Kakkar (DIN:- 06659327) as an Independent Director of the Company for a period of 5 years from 09th March 2020 to 08th March 2025 at the 14th Annual General Meeting held on 25th September 2020
- (v) Resignation of Mr. Kiyokazu Ishinable (DIN:-07763966) as a Director of the Company w.e.f. 04th November 2020
- (vi) Appointment of Mr. Takashi Nakayama (DIN:-08768983) as an Additional Director (Non-Executive Director) by the Board of Directors w.e.f. 04th November 2020 subject to Shareholders approval at the ensuing General Meeting, for his appointment as a Director and this was regularized by the Shareholders at the 18th Extra-Ordinary General Meeting held on 23rd December 2020.
- (vii) The Board of Directors of the Company, at its meeting held on 11th December 2020, recommended the re-appointment of Mr. Sandeep Gambhir (DIN:-00083116) as the Managing Director of the Company for the period from 08th January 2021 to 31st March 2021, and the same was approved by the Shareholders at the 18th Extra Ordinary General Meeting held on 23rd December 2020. His term as Managing Director was further extended by the Board of Directors at its meeting held on 31st March 2021, for the period from 01st April 2021 to 31st March 2024, subject to approval of the Shareholders at the ensuing General meeting.
- (viii) Re-appointment of Mr. Harukazu Yamaguchi (DIN:- 03535391) who retired by rotation, at the 14th Annual General Meeting of the Company held on 25th September 2020. Subsequently, Mr. Harukazu Yamaguchi tendered his resignation as a Director of the Company w.e.f. 31st March 2021
- (ix) The Board of Directors at its meeting held on 31st March 2021, appointed Mr. Takehiro Onishi (DIN:- 09019630) as an Additional Director w.e.f. 31.03.2021, subject to approval of the Shareholders at the ensuing General meeting.

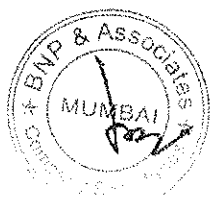
2.3 Adequate notices were given to all the Directors to enable them to plan their schedule for the meetings of the Board and its Committees, except for few meetings which were convened at shorter notice to transact urgent business.

2.4 Notices of the meetings of the Board and it's Committees were sent to the directors at least seven days in advance except for the few meetings convened at shorter notice, at which more than one independent directors were present as required under Section 173 (3) of the Act and SS-1.

2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings, other than for the few meetings convened at shorter notice.

2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly 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

2.7 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 meetings.

2.8 We note from the minutes verified that, at the Board meetings 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 recorded as a part of the minutes.

3. Compliance Mechanism

There are reasonably adequate systems and processes prevalent in the Company, commensurate with its 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. Subject to the approval of the members of the Company, at the ensuing general meeting, approval of the Board of Directors was accorded at their meeting held on 31st March, 2021, for the alteration of the Articles of Association of the Company, and the following Resolution was passed:

"RESOLVED THAT pursuant to provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to the approval of the Members of the Company, consent of the Board of Directors be and is hereby accorded for:

(1) alteration of the Articles of Association of the Company by:

- i. Amending Article Nos 8, 15(a), 27, 28, 102, 106, 111, 115, 120, 121, 122, 123, 124, 125, 128, 129, 131, 138, 163, 183, 185 and 187;
- ii. Deletion of existing Article No 126 and thereby renumbering further Article Nos 127 to 237 as 126 to 236.

AND

(2) replacing the aforesaid Articles Nos with new Article Nos and that the new set of Articles of Association of the Company, as tabled before the meeting for the purpose of identification of the Board, due to alterations as aforesaid."



RESOLVED FURTHER THAT any one of the Director of the Company or the Company Secretary be and is hereby authorized severally to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution including filing of forms with the Ministry of Corporate Affairs and furnishing of certified true copy of the resolution as and when required."

- B. During the year under review, the Company issued and allotted 2,000 Senior, Unsecured, Unlisted, Redeemable, Rated Non-Convertible Debentures, aggregating to Rs. 200 Crore, on private placement basis, on 17th December 2020 and redeemed 2,000 secured, listed, Non-Convertible Debentures, aggregating to an amount of Rs. 200 Crore, in various tranches on their respective maturity date/s.



K. Venkataraman

Venkataraman Krishnan
Associate Partner

ACS No.: -8897/ COP No.: - 12459

For BNP & Associates
Company Secretaries

[Firm Regn. No. P2014MH037400]

[PR No.: -637 / 2019]

UDIN:- A008897C000545037

Place:- Mumbai
Date:- 30.06.2021

**Annexure A to the Secretarial Audit Report for the financial year ended
31st March 2021**

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.

K. Venkataraman

Venkataraman Krishnan
Associate Partner

ACS No.: -8897/ COP No.: - 12459

For BNP & Associates

Company Secretaries

[Firm Regn. No. P2014MH037400]

[PR No.: -637 / 2019]

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Place:- Mumbai
Date:- 30.06.2021

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Annexure-B

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

Name of the Employee	Designation	Remuneration Received (Amount in Rs.)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment held before joining the Company	The % of Equity Shares held by the employees	Relative of any Director or Manager
Gaurav Bhatia	Executive Vice President	1,15,16,739	Full Time Employment	B.E., PGDBM, 25 Years of Experience	04-04-2014	48	Indiabulls Housing Finance Ltd	Nil	Nil
Sandeep Sinha	Executive Vice President	1,04,49,405	Full Time Employment	B.SC., MBA, 20 Years of Experience	30-09-2014	44	Old Hand Consultants India Private Limited	Nil	Nil
Harish Indru Advani	Executive Vice President	1,24,09,005	Full Time Employment	B.COM, MMS, CFA CHARTER HOLDER 17 Years of Experience	01-04-2019	40	KPMG India Private Limited	Nil	Nil

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Annexure-C

Information as per Rule 5 (1) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (1) The ratio of the remuneration of each director to the median remuneration of employees of the Company for the financial year is Nil.
- (2) There was no increase in remuneration of Directors, Chief Financial Officer or Manager in the Financial Year 2020-2021. There was 0.39% increase in remuneration of Company Secretary in the said Financial Year.
- (3) During the year under review, there was 9% increase in the median remuneration of the employees of your Company.
- (4) As on March 31, 2021 there were 192 permanent employees on the rolls of your Company.
- (5) During the year under review, the net income of your Company grew and the hike was in consonance with the wage hike given by the Industry. Further, in comparison to the growth of the Company, the average increase in remuneration paid to Managerial Personnel and the average increase in remuneration for rest of the employees was depending on the individual and business unit performance.
- (6) It is affirmed that the remuneration paid is as per the Nomination and Remuneration Policy adopted by the Company.

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Annexure-D

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, if any	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-E

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

(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.
- (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 based on their qualification, expertise and experience for the concerned position or level.

(II) Term/Tenure:

(1) Managing Director/Whole-time Director:

- (a) The Company may appoint or re-appoint any person as its Managing Director/Whole-time Director for a term not exceeding five years at a time.
- (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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

(2) Independent Director:

- (a) 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.

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- (b) 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.

(III) Evaluation of Director, KMP and SMP:

The Committee shall carry out evaluation of performance of every Director based on detailed performance parameters, as per applicable Regulations. The performance parameters includes, but not limited to the following:

- (1) Expertise;
- (2) Objectivity and Independence;
- (3) Guidance and support in context of life stage of the Company;
- (4) Understanding of the Company's business;
- (5) Understanding and commitment to duties and responsibilities;
- (6) Willingness to devote the time needed for effective contribution to Company;
- (7) Participation in discussions in effective and constructive manner;
- (8) Responsiveness in approach; and
- (9) Ability to encourage and motivate the management for continued performance and success.

The performance evaluation of KMP (other than Managing Director/Whole Time Director) and Senior Management Personnel shall be done as per the prevailing Human Resource Policy and Human Resource process framework implemented by the Company from time to time, in consultation with the Managing Director of the Company.

(IV) Retirement:

The Director, KMP and Senior Management Personnel 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 Competent Authority as specified in the Employee Hand Book of the Company 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, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director and KMP. Senior Management Personnel may be removed from the employment of the Company due to breach of Company's HR Policy or code of conduct or other employee related policies or performance related aspects. The decision of Managing

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Director, Director representing ORIX Corporation i.e. Ultimate Holding Company and HR Head shall be final in this regard.

(VI) Remuneration 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 Schedule V of the Companies Act, 2013 and with the approval of the Central Government approval, if and to the extent required.

(3) Other Provisions:

- (a) The remuneration / compensation / commission etc. to the Managing Director/ 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 Central Government, wherever required as per law.
- (b) The remuneration and commission to be paid to the Managing Director/Whole Time Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Act, as amended from time to time.
- (c) Increments to the existing remuneration / compensation structure shall be recommended by the Committee.

(VII) Insurance Premium:

Where any insurance is taken by the Company on behalf of its Managing Director, SMP 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.

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

(VIII) 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 and in line with the applicable provisions of the Act.

(2) Commission:

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

(IX) Remuneration of KMP and SMP:

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, instill a long term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

The remuneration of KMP and SMP shall be decided by Managing Director of the Company in consultation with the HR department.

(X) Remuneration of other employees:

Apart from Directors, KMP and SMP, the remuneration of rest of the employees will be determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions in competitive environment.

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 to the remuneration paid to employees shall be determined based on the annual appraisal carried out by Head of various Departments and as

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per the HR Policy and Process of the Company as may be applicable from time to time.

Annexure – F**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) 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 2020 – 21 were held on, July 07, 2020, November 04, 2020, November 13, 2020, December 11, 2020 and March 31, 2021. At least one meeting was held in every quarter and the time gap between any two meetings was less than 120 days except for the meeting not held during the quarter ending June 30, 2020 and the gap of meeting held between February 26, 2020 and July 7, 2020 was more than 120 days. The same was pursuant to MCA notification no. 11/2020 dated March 24, 2020 regarding increasing the interval between holdings of 2 board meetings from 120 days to 180 days until September 30, 2020 in view of pandemic caused by COVID-19.

The present strength of Board of Directors is Nine (9) Directors. The Board comprises of Nine (9) Non-Executive Directors including three (3) Independent Directors and one Woman Director. The Non-Executive 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.

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The details of attendance of the Board of Directors as at March 31, 2021 are as under:

Sr.No.	Name of Director	No. of Board Meetings Attended	Last AGM Attended
(1)	Mr. Yoshiaki Matsuoka, Director and Chairman	5	Yes
(2)	Mr. Sandeep Gambhir, Managing Director	5	Yes
(3)	Mr. Ryohei Suzuki, Director	5	Yes
(4)	Mr. Takashi Nakayama	4	Not Applicable
(5)	Mr. Abhay Kakkar, Independent Director	5	No
(6)	Mr. Nagesh Dubey, Independent Director	5	Yes
(7)	Mr. Takehiro Onishi, Additional Director	1	Not Applicable
(8)	Mr. Rajeev Lochan Seth, Independent Director	5	Yes
(9)	Ms. Gouri Sawant, Director	5	Yes
(10)	Mr. Harukazu Yamaguchi, Director and Chairman	4	Yes
(12)	Mr. Kiyokazu Ishinabe, Director	2	Yes
(13)	Mr. Ikuo Nakamura, Director	0	Not Applicable

(III) Committees of the Board of Directors:

(1) Composition:

Sr. No.	Name of the Committee	Composition of the Committee
(a)	Audit Committee	Mr. Takashi Nakayama – Chairman Mr. Nagesh Dubey

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		Mr. Abhay Kakkar
(b)	Nomination and Remuneration Committee (NRC)	Mr. Takashi Nakayama - Chairman
		Mr. Abhay Kakkar
		Mr. Nagesh Dubey
		Mr. Ryohei Suzuki
(c)	Treasury and Asset Liability Management Committee	Mr. Takashi Nakayama- Chairman
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki
(d)	*Executive Committee	Mr. Takashi Nakayama
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki
(e)	Risk Management Committee	Mr. Takashi Nakayama - Chairman
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki
(f)	Corporate Social Responsibility (CSR) Committee	Mr. Takashi Nakayama - 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. Ryohei Suzuki
		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. Ryohei Suzuki
		Mr. Sandeep Sinha
		Mr. Dipankar Sen

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*During the year under review:

- (1) the Credit Committee, Residual Value Committee and were dissolved and their powers were consolidated in the Executive Committee of the Company effective March 31, 2021; and
- (2) The Allocation and Allotment Committee was also dissolved and its powers were consolidated in the Treasury & Asset Liability Management Committee of the Company effective March 31, 2021.

(2) Powers of the Committees:

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

(A) Financial Reporting:

- (1) To oversee the financial reporting process, accounting controls and disclosure of financial information to ensure that financial information report is sufficient and credible;
- (2) To review Related Party Transaction (RPT) Policy of the Company on a periodic basis and 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;
- (3) To review audited / unaudited / limited review of the annual and/or semi-annual financial statements before submission to the Board focusing primarily on:
 - (a) the application of significant accounting policies and any changes to them;
 - (b) the methods used to account for significant or unusual transactions;
 - (c) Compliance with accounting standards;
 - (d) Significant adjustments arising out of audit;
 - (e) Qualifications in draft audit report;
 - (f) Areas involving significant judgement, estimation or uncertainty and the provisions in the financial statements;

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- (g) Compliance with legal and regulatory and financial reporting requirements; and
 - (h) To review Auditors' Report on annual / semi-annual financial statement before submission to the Board;
 - (4) To approve and ratify write offs amount upto the limit specified in Approval Authority Matrix (AAM) and report to the Board of Directors such write offs;
 - (5) To recommend to Board for approval of write offs of an amount exceeding the threshold limits of Audit Committee, as specified in AAM, which requires approval of the Board ;
 - (6) Scrutiny of inter-corporate loans and investments;
 - (7) To note valuation of undertakings or assets of the Company, wherever necessary;
 - (8) Monitoring the end use of funds raised through public offers and related matters;
- (B) Auditor (External Auditor) :

The Committee shall:

- (1) 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);
- (2) review and monitor the External Auditor's independence and performance and effectiveness of audit process
- (3) if an External Auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (4) oversee the relationship with the external auditor. In this context the Committee shall:
 - (a) 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

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- be conducted;
- (b) approve their terms of engagement, including any engagement letter issued at the start of each audit.
- (c) 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;
- (5) 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;
- (6) 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;
- (7) 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 the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit
- (8) 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;
- (9) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (a) a discussion of any major issues which arose during the audit;
 - (b) key accounting and audit judgements;
 - (c) the auditor's view of their interactions with senior management; and
 - (d) levels of errors identified during the audit;
- (10) review the management letter and management's

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response to the auditor's findings and recommendations.

- (11) 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.
- (12) 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 :

- (1) 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
- (2) 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.
- (3) review and approve the statements to be included in the annual report concerning internal control, risk management

(D) Internal Audit:

The Committee shall:

- (1) approve the Internal Audit Charter.
- (2) approve the appointment or termination of the Head of Internal Audit;
- (3) review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work;
- (4) review and approve the annual internal audit plan and scope to ensure it is aligned to the key risks of the business, and receive regular reports on work

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carried out;

- (5) ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, 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;
- (6) 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
- (7) carry out an annual assessment of the effectiveness of the internal audit function; and as part of this assessment:
 - (a) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
 - (b) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;
- (8) 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
- (9) consider whether an independent, third party review of Information Technology (IT) Audit are appropriate.

(E) Tax Auditors :

The committee shall:

- (1) consider and make recommendations to the board, in relation to the appointment, re-appointment and removal of the company's Tax Auditor;
- (2) review the findings of the audit with the Tax Auditor. This shall include but not be limited to, the

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following:

- (a) discussion of any major issues which arose during the audit; and
- (b) review Tax Audit Report

(F) Compliance :

- (1) 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.
- (2) 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.
- (3) Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- (4) Obtain regular updates from compliance head regarding compliance matters.
- (5) review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company's compliance function
- (6) 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) Whistleblowing and Fraud:

The Committee shall:

- (1) review the company's procedures for detecting fraud;
- (2) review the company's systems and controls for the prevention of Bribery Anti-Corruption (ABAC) and receive reports on non-compliance;
- (3) Review Whistle Blower reports under Whistle

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Blower Policy and / or Vigil Mechanism

(H) Litigation Review:

To review report of litigation against or by the Company involving debt or claim above the threshold value as specified in AAM.

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

- (1) Reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval.
- (2) Examining the qualification, knowledge, skill sets, positive attributes and experience of each director and their effectiveness to the Board on a yearly basis.
- (3) 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.
- (4) To recommend to the Board of Directors about remuneration of Directors including Managing Director.
- (5) To lay down criteria in relation to appointment and removal of Directors and KMP.
- (6) 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 Head Accounting Officer, who signs off sworn statement over Annual Financial Information as "Senior Accounting Officer", requires ORIX Corp's prior approval.*
- (7) 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.
- (8) To carry out evaluation of the performance of the Board of the Company, Committees of the Board and individual Directors of the Company.

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- (9) To carry out evaluation of KMP and SMP and approve their elevation to next level depending on their performance.
- (10) To lay down criteria for payment of incentives to KMP and SMP and approve payment of incentives to them.
- (11) To note the incentives and commission schemes for employees other than SMPs and KMPs approved by the Managing Director.
- (12) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- (13) Formulate the Nomination and Remuneration Policy and recommend to the Board of Directors for approval.
- (14) Ensure fit and proper criteria of Directors.
- (15) To review and update Nomination and Remuneration Committee Charter annually.

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

- (1) Setting of / preparing funding policy.
- (2) Pricing of products for both deposits and advances.
- (3) Fixing of desired maturity profile and mix of the incremental assets and liabilities.
- (4) Collecting information about the prevailing interest rates offered by other peer NBFC for the similar services/products.
- (5) Reviewing the results and progress in implementation of the decisions made in the previous meeting.
- (6) To articulate the current interest rate view.
- (7) 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.
- (8) Establishment of relations with bankers / financial institutions / companies for borrowing transactions (new or renewal).

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- (9) 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.*
 - (10) 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.*
 - (11) 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.*
 - (12) To report on funding transactions and activities (borrowings, commitment lines, guarantee amounts, derivative transactions, ALM related items and covenant compliance matters).
 - (13) Allotment of securities as defined under Securities Contracts (Regulation) Act, 1956:
 - (a) 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.
 - (b) To approve allotment of securities from time to time.
 - (c) To affix or authorize affixation of Common Seal of the Company on the security certificates of the company; and
 - (d) To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
 - (14) To review and update Treasury and Asset Liability Management Committee Charter annually.
- (IV) Executive Committee: The key responsibilities of the Committee are:
- (1) Credit (Approval of Credit facilities to the Lease Customers

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/Borrowers of the Company including Government Companies:

- (a) Approval of Credit Proposals of financial leasing business, Commercial Vehicle Business and Secured Mortgaged Lending business of the Company as per Annexure 1 to 3, respectively, which are enclosed herewith per Annexure 1 enclosed herewith.
- (2) Setting Residual Value and Maintenance Budget for Leased Vehicle:
 - (a) Setting up of Residual Value Policy.
 - (b) Setting up / alteration of Residual Value of Vehicles and Maintenance budget of Vehicles (Per KM Maintenance Cost) for leased vehicles.
 - (c) Delegate powers of the Committee to the Executives of the Company with regard to:
 - (i) Increase in Residual Value as below:
 - Business Heads may be authorised to increase RV of a vehicle by 5% over existing RV Grid.
 - 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.
 - (ii) 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.

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- 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.

(3) Capital Expenditure for Business Operations:

- (a) 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.*

(4) General Administration:

- (a) To note waiver of income/reversals approved by Director or Managing Director.
- (b) To note non-performing Assets (NPA) occurrence (Client or Clients group) of receivables as approved by the Managing Director up to INR 6 Mn.
- (c) 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.
- (d) Rescheduling of non-performing receivables (Client or Client's group):
 - (i) Total receivables **up to INR 6.0 Mn**; and
 - (ii) Total receivables over **INR 6.0 Mn** *subject to prior approval of ORIX Corp.*
- (e) Recommend to the Board for approval of Write off:
 - (i) Total receivables **up to INR 3.1 Mn** (Client or Client's group);
 - (ii) 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*

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- (iii) Total receivables over **INR 7.8 Mn** (Client or Client's group) subject to prior approval of *ORIX Corp (ICC)*.
- (f) 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.
- (g) To note Principal and Agency Agreement approved by MD.
- (h) To approve general expenditure (for single purpose) over **INR 10 Mn**.
- (i) To consider and approve closure of Bank Accounts.
- (j) 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*.
- (k) 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*.
- (5) Other functions:
 - (a) 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.
 - (b) To review and update Executive Committee Charter annually.
- (V) Risk Management Committee: The key responsibilities of the Committee are:
 - (1) Risk planning.
 - (2) Risk assessment & monitoring – Economy Review, Industry Review, Portfolio Review, Rating.
 - (3) Risk systems (MIS and IT system integration).

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- (4) Risk reporting – Keeping the Board informed at regular intervals of credit, market and operational Risk Profile of the Company.
- (5) 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.
- (6) To approve Policy on outsourcing and carrying out any amendments, from time to time.
- (7) Laying down appropriate approval authority structure for outsourcing of activities depending on risks and materiality.
- (8) Deciding on business activities of a material nature to be outsourced, and approving such arrangements.
- (9) Review of central record of all material outsourcing of Financial Services maintained by the Company.
- (10) To lay down internal rules, policies, processes and regulations with regard to Credit authorisations and delegate it to the executives of the Company.
- (11) To review and update Risk Management Committee Charter annually.

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

- (1) To formulate & update a CSR Policy and seek recommendation of the Board on the CSR activities to be undertaken by the Company.
- (2) To suggest areas of intervention & approve projects for CSR activities.
- (3) Put monitoring mechanisms in place to track the progress of each project.
- (4) 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).
- (5) To review and update Corporate Social Responsibility Committee Charter annually.

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(VII) IT Strategy Committee:

- (1) To work in partnership with other Board committees and Senior Management to provide input to them.
- (2) 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.
- (3) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- (4) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- (5) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- (6) 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.
- (7) Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
- (8) To institute an effective governance mechanism and risk management process for all IT outsourced operations.
- (9) 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.

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

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

(VIII) IT Steering Committee:

- (1) Operating at an executive level and focusing on:
 - (a) Priority setting,
 - (b) Resource Allocation and
 - (c) Project Tracking.
- (2) 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.
- (3) To review and update IT Steering Committee Charter annually.

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(3) Attendance of the Committees of Directors:

Committees	Audit	Nominat ion & Remune ration Committ ee	Treasury & Asset Liability Committ ee	Residual Value Committ ee	Risk Manag ement Committ tee	Corpor ate Social Respon sibility	IT Strate gy	IT Steerin g	*Alloc ation and Allotm ent Committ tee	*Executi ve Committ tee	*Credit Committ tee
No of Meetings	6	5	3	2	2	1	2	2	0	0	0
Name of Member											
Mr. Nagesh Dubey	6	5	NA	NA	NA	NA	NA	NA	-	NA	NA
Mr. Abhay Kakkar	6	5	NA	NA	NA	1	2	2	-	NA	NA
Mr. Sandeep Gambhir	NA	NA	3	2	2	1	2	2	-	-	-
Mr. Kiyokazu Ishinabe	4	2	2	0	1	NA	NA	NA	-	-	-
Mr. Yoshiaki Matsuoka	NA	1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Mr. Takashi Nakayama	2	1	1	1	1	1	NA	NA	-	-	-
Mr. Ryohei Suzuki	NA	1	3	2	2	NA	1	1	-	-	-
Mr. Vivek Wadhera	NA	NA	NA	NA	NA	NA	2	2	NA	NA	NA
Mr. Gurpreet Singh	NA	NA	NA	NA	NA	NA	1	1	NA	NA	NA
Mr. Harvinder Gandhi	NA	NA	NA	NA	NA	NA	1	1	NA	NA	NA
Mr. Sandeep Sinha	NA	NA	NA	NA	NA	NA	2	2	NA	NA	NA
Mr. Dipankar Sen	NA	NA	NA	NA	NA	NA	2	2	NA	NA	NA
Mr. Rominder Singh	NA	NA	NA	NA	NA	NA	-	-	NA	NA	NA
Mr. Jay Gandhi	NA	NA	NA	NA	NA	NA	2	2	NA	NA	NA
Mr. Gaurav Bhatia	NA	NA	NA	NA	NA	NA	2	2	NA	NA	NA

ORIX Leasing & Financial Services India Limited (formerly known as OAIS Auto Financial Services Limited) (A Subsidiary of ORIX Auto Infrastructure Services Limited)

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

* These Committees did not meet during the year, however, approvals wherever required were taken by way of Circular Resolution.

(IV) Meeting of Independent Directors:

In accordance with Section 149(8) of the Act read with Schedule IV of the Act, the Independent Directors met separately on March 09, 2021 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. This performance evaluation framework was designed based on the following:

- (1) Expertise;
- (2) Objectivity and Independence;
- (3) Guidance and support in context of life stage of the Company;
- (4) Understanding of the Company's business;
- (5) Understanding and commitment to duties and responsibilities;
- (6) Willingness to devote the time needed for effective contribution to Company;
- (7) Participation in discussion in effective and constructive manner;
- (8) Responsive in approach; and
- (9) Ability to encourage and motivate the management for continued performance and success.

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 (excluding the director being evaluated) of the Company was also carried out.

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

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- (a) The questionnaires for evaluation of (i) Board of Directors, (ii) Committees of Board of Directors and the (iii) individual Board members were reviewed by the NRC and placed before the Board for their noting in their meeting held on March 31, 2021.
- (b) The performance of Independent Directors were reviewed and noted by the Board of Directors in their meeting held on March 31, 2021.

(VI) General Meetings:

Meeting	Date and Time	Venue	Resolutions passed
14 th – Annual General Meeting	September 25, 2020 at 12:00 pm	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, 2020. (2) Re-appointment of Mr. Harukazu Yamaguchi (DIN: 03535391) as Director liable to retire by rotation. <p>Special Businesses:</p> <ol style="list-style-type: none"> (3) Appointment of Mr. Yoshiaki Matsuoka (DIN 08141800) as Director of the Company. (4) Re-appointment of Mr. Nagesh Dubey (DIN 06967617) as an Independent Director of the Company. (5) Re-appointment of Mr. Abhay Kakkar (DIN 06659327) as an Independent Director of the Company.
18 th Extra-Ordinary General Meeting	December 23, 2020 at 11:00 am	Audio-Video Conferencing (The deemed venue of the Meeting was Registered office of the Company located at Mumbai)	<p>Special Businesses:</p> <ol style="list-style-type: none"> (1) Appointment of Mr. Takashi Nakayama (DIN 008768983) as Director of the Company (2) Re-appointment of Mr. Sandeep Gambhir as Managing Director of the Company:



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(VII) Shareholding pattern as at March 31, 2021:

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

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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Annexure-G

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. Takashi Nakayama	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. Kiyokazu Ishinabe resigned as Director of the Company with effect from November 4, 2020. Hence, Mr. Takashi Nakayama was appointed as Director of the Company and Member of CSR committee in place of Mr. Kiyokazu Ishinabe with effect from November 4, 2020.

- (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 \(orixindia.com\)](http://ORIX-OLFS:Reports&Filings(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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- (5) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - **Not Applicable**.
- (6) Average net profit of the company as per Section 135(5): **Rs. 599,164,500** (2017-2018, 2018-2019 and 2019-2020).
- (7) (a) Two per cent of the average net profit of the Company as per Section 135(5) – **Rs. 11,983,290/-**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years 2019-2020- **Nil**
- (c) Amount required to be set off for the financial year 2020-2021, if any - **Nil**
- (d) Total CSR obligation for the financial year 2020-2021 (7a+7b-7c) - **Rs. 11,983,290/-**
- (8) (a) CSR amount spent or unspent for the financial year 2020-2021

Total Amount Spent for the Financial Year. (in Rs.)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
11,983,290	Not Applicable		Not Applicable		

- (b) Details of CSR amount spent against ongoing projects for the financial year -

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project		Project allocated for the duration.	Amount allocated for the project (in Rs.)	Amount spent in the current financial year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
Not Applicable												

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(c) Details of CSR amount spent against other than ongoing projects for the financial year 2020-2021:

(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.	Payment of college and Hostel Fees for leprosy affected and below poverty line students	Promoting Education	No	Tamil Nadu	Kanchipuram	3,00,000	No	Rising Star Outreach of India	Not Applicable
2.	Coaching program for persons with disabilities	Promoting Education and employment enhancing vocation skills.	Yes	Maharashtra	Navi Mumbai	5,00,000	No	Sujaya Foundation	Not Applicable
3.	Jeevan Dhara (Mumbai) for education in Thematic area	Promoting Education	Yes	Maharashtra	Mumbai	10,00,000	No	Child Rights and You	Not Applicable
4.	Sanitation facility for Rayate Vibhag High School & Junior College	Sanitation and Preventive Health Care.	Yes	Maharashtra	Thane	6,00,000	No	Social Upliftment and Development for Health Action (SUADHA)	Not Applicable
5.	Donation for utilization of Dialysis patients	Promoting Health care	Yes	Maharashtra	Mumbai	13,00,000	No	Shree Kandivali Hithwardhak Mandal	Not Applicable
6.	Education of underprivileged Children	Promoting Education	Yes	Maharashtra	Palghar	7,06,941	No	Shiksha Foundation	Not Applicable

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7.	Providing food and nutrition supplements to children fighting with cancer	Promoting Health care	No	Chhattisgarh	Raipur	12,31,349	No	Cuddles Foundation	Not Applicable
8.	Purchase of Medical Equipments for cancer patients and financial aid for treatment of children with Cancer	Promoting Health care including Preventive Health Care.	Yes	Maharashtra	Mumbai	25,45,000	No	Tata Memorial	Not Applicable
9.	Education with remote learning, Mumbai	Promoting Education	Yes	Maharashtra	Mumbai	8,00,000	No	Ascema Charitable Trust	Not Applicable
10.	Atal Community Innovation Centre (ACIC),	Women empowerment	No	Uttar Pradesh.	Deoria	15,00,000	No	Jagriti Sewa Sansthan	Not Applicable
11.	Drinking water security	Sanitation and Preventive Health Care.	No	Uttar Pradesh.	Lucknow	15,00,000	No	Jal Seva Charitable Foundation	Not Applicable
Total						11,983,290			

*The details of CSR Registration no. is not applicable as it is effective from 01.04.2021.

(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 2020-2021(8b+8c+8d+8e) - **Rs. 11,983,290/-**

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

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Sl. No	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	11,983,290
(ii)	Total amount spent for the Financial Year	11,983,290
(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

(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).

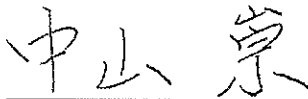
- (a) Date of creation or acquisition of the capital asset(s) - Not Applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset - Not Applicable

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- (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
- (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 Nakayama Managing
Chairman CSR Committee
DIN: 08768983

Sandeep
Gambhir

Digitally signed by Sandeep
Gambhir
DN: cn=Sandeep Gambhir,
o=ORIX Auto Infrastructure
Services Ltd., ou=ORIX Auto
Infrastructure Services Ltd.,
email=sandeep.gambhir@orix
india.com, c=IN
Date: 2021.06.30 18:05:32
+05'30'

Sandeep Gambhir
Managing Director
DIN: 00083116

Place: Mumbai
Date: June 30, 2021

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

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 financial statements of ORIX Leasing & Financial Services India Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, 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 2021, 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.

Emphasis of matter

As more fully described in Note 50(ii) to the financial statement, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

As more fully described in Note 50(ii) to the financial statements, the Company has restructured borrower accounts in accordance with the Resolution Framework for COVID-19 related stress announced by the RBI vide notification dated 6 August 2020. Based on the terms of restructuring and management's credit evaluation, the Company's has continued to classify such restructured borrower accounts as non-impaired (i.e. Stage 1 and 2 under Ind AS 109, Financial Instruments), at the year-end.

Our opinion is not modified in respect of this matters.

Registered Office:

B S R & Co. (a partnership firm with Registration No. BA612231 converted into B S R & Co. LLP
a Limited Liability Partnership with LLP Registration No. AAB-81511) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco
Center, Western Express Highway, Goregaon (East), Mumbai - 400063

Independent Auditors' Report (*Continued*)

ORIX Leasing & Financial Services India Limited

Other Information

The Company's management and 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.

Management's and Board of Directors' Responsibility for the financial statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, 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.

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, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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.

Independent Auditors' Report (*Continued*)

ORIX Leasing & Financial Services India Limited

Auditor's Responsibilities for the audit of the e 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report (*Continued*)

ORIX Leasing & Financial Services India Limited

Auditor's Responsibilities for the audit of the e financial statements (*Continued*)

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, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of 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 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

Independent Auditors' Report (*Continued*)

ORIX Leasing & Financial Services India Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- (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 2021 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. - Refer Note 36.3 to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid / provided by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

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Kapil Goenka

Partner

Mumbai
Date: 30 June 2021

Membership No: 118189

ICAI UDIN: 21118189AAACT8021

Annexure A to the Independent Auditors' Report on the Financial Statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2021

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such physical verification is reasonable. No material discrepancies were noticed on such verification.
- iii. According to the information and explanation given to us and on the basis of our examination of the books and records of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- iv. According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, the Company has not granted any loans to any director or any person in whom director is interested in terms of Section 185 of the Act. Further, Section 186 of the Act is not applicable to the Company.
- v. According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, the Company has not accepted any deposits from the public as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or other relevant provisions of the Act and rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities conducted / services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the book and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, value added tax, service tax, duty of customs and duty of excise.

Annexure A to the Independent Auditors' Report on the Financial Statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2021 (Continued)

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2021 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 following statutory dues have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount Rs.	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	18,211,940	AY 2012-13	Commissioner of Income Tax (appeals) Mumbai
Income Tax Act, 1961	Income Tax	2,482,110	AY 2013-14	Deputy Commissioner of Income Tax (appeals) Mumbai
Income Tax Act, 1961	Income Tax	8,999,596	AY 2014-15	Assistant Commissioner of Income Tax (appeals) Mumbai
Income Tax Act, 1961	Income Tax	23,813,398	AY 2017-18	Assistant Commissioner of Income Tax (appeals) Mumbai
Value Added Tax Act	VAT	38,559,650	AY 2012-13 and AY 2013-14	Joint Commissioner of sales Tax, Delhi
Value Added Tax Act	VAT	2,458,111	AY 2011-12	Joint Commissioner of sales Tax, Maharashtra
Value Added Tax Act	VAT	6,961,825	AY 2012-13	Joint Commissioner of Sales Tax, Maharashtra
Goods and Service Tax Act	TRAN-1 ITC reversal	26,848,810	AY 2018-19	Deputy Commissioner of Sales Tax, Maharashtra

- viii. According to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of outstanding dues to financial institution, bank or debenture holder during the year. The Company did not have any borrowings from the government during the year.
- ix. According to the information and explanations given to us and based on our examination of the records, the Company has not raised any money by way of initial public offer or further public offer. According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x. According to the explanation and information given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the provision prescribed under section 197 of the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3 (xii) 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 2021 (Continued)

- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any material non-cash transactions with directors or person connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us and based on our examination of the records, the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

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Kapil Goenka

Partner

Mumbai
30 June 2021

Membership No: 118189
ICAI UDIN: 21118189AAAACI8021

Annexure B to the Independent Auditors' report on the financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2021.

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 A(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 2021 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, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, 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 2021 (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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls 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 **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

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Kapil Goenka

Partner

Membership No: 118189

ICAI UDIN: 21118189AAAACI8021

Mumbai
30 June 2021

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

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Auditors' Additional Report

To the Members of

ORIX Leasing & Financial Services India Limited

Report on the Financial Statements

1. In addition to the report made under section 143 of the Companies Act, 2013 ('the Act') on the financial statements of ORIX Leasing & Financial Services India Limited ('the Company') for the year ended 31 March 2021 and as required by Reserve Bank of India ('RBI') Master Direction No. DNBS. PPD.03/66.15.001/2016-17 dated 29 September 2016 on Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 (the 'Direction'), we report as follows on the matters specified in paragraph 3 and 4 of the said Directions, to the extent applicable.

Management's and Board of Directors' Responsibility for the financial statements

2. The Company's management and the Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.
3. The Company's management and the Board of Directors are responsible for ensuring that the Company complies with the requirements of the Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time (the 'Master Direction'). This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the Master Direction.

Auditor's Responsibility

4. Pursuant to the requirements of the Direction, it is our responsibility to examine the books and records of the Company and report on the matters specified in the Direction to the extent applicable to the Company.
5. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates issued for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

Auditor's Additional Report (Continued)

ORIX Leasing & Financial Services India Limited

Auditor's Responsibility (Continued)

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.'

Conclusion

7. Based on our examination of the financial statements as at and for the year ended 31 March 2021, books of accounts and records of the Company as produced for our examination and according to the information and explanations given to us we further report that:
 - i. The Company is engaged in the business of non-banking financial institution and it has obtained a certificate of registration No. N -13.01981 from Reserve Bank of India ('RBI') dated 8 December 2010, in pursuance of section 45-IA of RBI Act, 1934;
 - ii. The Company is entitled to continue to hold such certificate of registration in terms of its asset/ income pattern as on/ for the year ended 31 March 2021.
 - iii. In our opinion and to the best of our information and according to the explanations given to us, the Company is meeting the the required net owned fund requirement as laid down in the Master Direction.
 - iv. The Board of Directors of the Company has passed a resolution in its meeting held on 1 April 2020 for non-acceptance of public deposits during the year ended 31 March 2021;
 - v. The Company has not accepted any public deposits during year ended 31 March 2021;
 - vi. With effect from 1 April 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies vide notification no. G.S.R 365(E) dated 30 March 2016, for financial reporting purposes, the Company has followed the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Master Directions in the preparation of the financial statements for the year ended 31 March 2021;
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the Company being a Systemically Important Non-deposit taking NBFC as defined in paragraph 3 (xxx) of the Master Direction, for the year ended 31 March 2021:
 - a) the capital adequacy ratio as disclosed in the annual return submitted to RBI in form NBS – 7 as at 31 March 2021, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk assets ratio ('CRAR') prescribed by RBI; and
 - b) the Company has furnished to RBI, the annual statement of capital funds, risk assets/exposures and risk asset ratio ('form NBS-7') for the year ended 31 March 2021 on 15 April 2021 within the stipulated period.
 - viii. Based on the criteria set forth by RBI in paragraph 3 (xix) of the Master Direction for classification of NBFCs as NBFC – Micro Finance Institution ('NBFC-MFI'), the Company does not meet / meets the criteria to be classified as NBFC-MFI as defined in the aforesaid Master Direction, with reference to the business carried on by it during the year ended 31 March 2021.

B S R & Co. LLP

Auditor's Additional Report (*Continued*)

ORIX Leasing & Financial Services India Limited

Restrictions of use

8. This Report is addressed to and provided to the Board of Directors solely to comply with the aforesaid Direction and for submission to RBI, if required and may not be suitable for any other purpose. Accordingly, our Report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our Report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**KAPIL
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Kapil Goenka

Partner

Mumbai

Date: 30 June 2021

Membership No: 118189

ICAI UDIN: 21118189AAAACJ7653

ORIX Leasing & Financial Services India Limited

Balance sheet

as at 31 March 2021

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	2	2,735	3,766
(b) Bank balances other than (a) above	3	92	88
(c) Trade receivable	4	1,194	660
(d) Loans	5	2,19,699	2,44,684
(e) Other financial assets	6	3,997	3,152
Total financial assets		2,27,717	2,52,350
2 Non-financial assets			
(a) Inventories	7	91	19
(b) Current tax assets (net)	8	794	1,396
(c) Deferred tax assets (net)	9	6,658	5,454
(d) Property, plant and equipment	10	1,746	2,464
(e) Right-of-use assets	11	132	308
(f) Others intangible assets	12	202	66
(g) Other non-financial assets	13	5,660	4,914
Total non-financial assets		15,283	14,621
TOTAL ASSETS		2,43,000	2,66,971
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Trade Payables			
(i) Trade payables	14		
- Total outstanding dues of micro and small enterprises		3	11
- Total outstanding dues of creditors other than micro and small enterprises		2,764	2,095
(b) Debt Securities	15	20,000	20,000
(c) Borrowings (other than debt securities)	16	1,52,790	1,83,343
(d) Lease liabilities	17	155	348
(e) Deposits	18	1,347	1,249
(f) Other financial liabilities	19	2,913	2,127
Total Financial liabilities		1,79,972	2,09,173
2 Non-financial liabilities			
(a) Current tax liabilities (net)	20	258	74
(b) Provisions	21	262	158
(c) Other non-financial liabilities	22	647	471
Total non-financial liabilities		1,167	703
3 Equity			
(a) Equity share capital	23	10,094	10,094
(b) Other equity	24	51,767	47,001
Total Equity		61,861	57,095
TOTAL EQUITY & LIABILITIES		2,43,000	2,66,971

Significant accounting policies

The accompanying notes are an integral part of these Financial Statements

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

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Kapil Goenka

Partner

Membership No: 118189

Mumbai

30 June 2021

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

Sandeep
Gambhir

Sandeep Gambhir
Managing Director
(DIN - 00083116)

VIVEK
WADHERA

Vivek Wadhwa
CFO

RYOHEI
SUZUKI

Ryohei Suzuki
Director
(DIN - 08218888)

SANGHVI
MEETA SAGAR

Meeta Sanghvi
Company Secretary

ORIX Leasing & Financial Services India Limited

Statement of profit and loss

for the year ended 31 March 2021

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

	Particular	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
I	Revenue from operations			
	(i) Interest income	25	31,218	31,762
	(ii) Fees and commission income	26	191	274
	(iii) Net gain on fair value changes	27	96	72
	(iv) Sales of services	28	1,208	1,164
	Total revenue from operations		32,713	33,272
II	Other Income	29	1,156	1,532
III	Total income (I + II)		33,869	34,804
IV	Expenses			
	(i) Finance costs	30	14,767	17,972
	(ii) Impairment on financial instruments	31	3,991	1,807
	(iii) Employee benefit expenses	32	3,361	3,401
	(iv) Depreciation, amortisation and impairment	33	947	927
	(v) Other expenses	34	4,326	3,110
	Total expenses (IV)		27,392	27,217
V	Profit before tax (III-IV)		6,477	7,587
VI	Tax Expenses			
	(i) Current tax		2,918	2,321
	(ii) Tax expenses relating to prior years		-	18
	(iii) Deferred tax		(1,203)	1,608
VII	Profit for the year		4,762	3,640
VIII	Other Comprehensive Income			
A	Items that will not be reclassified to profit or loss			
	Remeasurements of post-employment benefit obligation		(4)	24
	Income tax related to items that will not be reclassified to profit or loss		(1)	(6)
	Others Comprehensive income for the year		(5)	18
IX	Total Comprehensive income for the year		4,767	3,622
X	Earnings per equity share (Face value ₹ 10 per share)	35		
	(i) Basic (Rupees)		4.72	3.59
	(ii) Diluted (Rupees)		4.72	3.59

Significant accounting policies

1

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

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Kapil Goenka

Partner

Membership No: 118189

Mumbai

30 June 2021

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

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Gambhir
DIN: 000831116
Date: 2021.06.30 14:13:52
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Sandeep Gambhir
Managing Director
(DIN - 000831116)

**VIVEK
WADHERA**

Vivek Wadhera
CFO

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Date: 2021.06.30
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Ryohei Suzuki
Director
(DIN - 08218888)

**SANGHVI
MEETA SAGAR**

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 2021	As at 31 March 2020
	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	
Balance at 1 April, 2019	2,797	30,303	10,279	43,379
Profit for the year	-	-	3,640	3,640
Other comprehensive income for the year	-	-	(18)	(18)
Total comprehensive income for the year	-	-	3,622	3,622
Transfer to Statutory Reserve	731	-	(731)	-
Balance at 31 March, 2020	3,528	30,303	13,170	47,001

Particulars	Reserves & Surplus			Total
	Statutory Reserve	Securities premium	Retained earnings	
Balance at 1 April, 2020	3,528	30,303	13,170	47,001
Profit for the year	-	-	4,762	4,762
Other comprehensive income for the year	-	-	5	5
Total comprehensive income for the year	-	-	4,767	4,767
Transfer to Statutory Reserve	952	-	(952)	-
Balance at 31 March, 2021	4,481	30,303	16,985	51,767

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

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Kapil Goenka

Partner

Membership No: 118189

Mumbai

30 June 2021

Sandeep
Gambhir

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Sandeep Gambhir

Managing Director

(DIN - 00083116)

VIVEK
WADHERA

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Vivek Wadhera

CFO

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

RYOHEI
SUZUKI

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Ryohei Suzuki

Director

(DIN - 08218888)

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Meeta Sanghvi

Company Secretary

ORIX Leasing & Financial Services India Limited

Cash flow statement

for the year ended 31 March 2021

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flow from operating activities		
Profit Before Tax	6,477	7,587
Adjustments		
Depreciation, amortisation and impairment	947	927
(Profit)/loss on sale of property, plant and equipment	(4)	1
Other Comprehensive Income	4	(24)
Loss allowance ECL	3,991	1,684
Sundry balances written off	10	24
Bad debts	-	99
Liabilities / provisions no longer required written back	(68)	(243)
Net operating cash flow before working capital changes	11,357	10,055
Adjustments for working capital changes:		
(Increase) in trade receivable	(533)	(380)
Decrease in loans	25,043	8,897
(Increase) in other financial assets	(845)	(670)
(Increase) / Decrease in inventories	(71)	35
(Increase) / Decrease in other non-financial assets	(746)	940
(Increase) / Decrease in trade payables	661	(699)
(Increase) / Decrease in deposits	98	(146)
(Increase) / Decrease in other financial liabilities	786	(347)
(Increase) / Decrease in Provisions	(3,887)	(1,818)
Decrease in other non-financial liabilities	176	11
(Increase) / Decrease in Loans and advances from related party	331	(279)
(Increase) in Interest accrued but not due on borrowings	(614)	(1,474)
(Increase) / Decrease in Cash Credit & overdraft facilities	40	(19,402)
Net cash used in operating activities before taxes	31,796	(5,277)
Less: Taxes paid (net of refunds)	(2,133)	(2,700)
Cash flows used in operating activities -A	29,663	(7,977)
Cash flow from investing activities		
Purchase of property, plant and equipment	(517)	(390)
Proceeds from sale of property, plant and equipment	330	96
Investment in fixed deposits	(148)	(80)
Redemption in fixed deposits	143	72
Net cash used in investing activities-B	(192)	(302)

ORIX Leasing & Financial Services India Limited

Cash flow statement (Continued)

for the year ended 31 March 2021

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flow from financing activities		
Proceeds from term loan & debt securities	1,01,860	4,11,335
Repayment of term loan & debt securities	(1,32,170)	(4,00,559)
Increase / (Decrease) in Lease Liability on principal component	(158)	(101)
Increase / (Decrease) in Lease liability Interest portion	(34)	(3)
Net cash flows generated from financing activities - C	(30,502)	10,672
Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	(1,031)	2,392
Cash & cash equivalents as at the beginning of the year	3,766	1,374
Cash and cash equivalents as at the end of the year (Refer Note 2 (a))	2,735	3,766

The accompanying notes form an integral part of these financial

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 BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

KAPIL
VINODKUMAR
GOENKA

Digitally signed by KAPIL
VINODKUMAR GOENKA
Date: 2021.06.30 20:45:30
+05'30'

Kapil Goenka

Partner

Membership No: 118189

Mumbai

30 June 2021

For and on behalf of the Board of Directors

ORIX Leasing & Financial Services India Limited

Sandeep
Gambhir

Sandeep Gambhir
Managing Director
(DIN - 00083116)

VIVEK
WADHERA

Vivek Wadhera
CFO

RYOHEI
SUZUKI

Ryohei Suzuki
Director
(DIN - 08218888)

SANGHVI
MEETA
SAGAR

Meeta Sanghvi
Company Secretary

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

for the year ended 31 March 2021

(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 30 Jun 2021.

(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 2021

(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 2021, 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 2021

(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 2021

(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 2021

(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 2021

(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 2021

(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 2021

(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 2021

(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 2021

(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 2021

(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 2021

(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 2021

(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 Inventories

Inventories comprising of vehicles returned by customers 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 audited financial statements (Continued)

as at 31 March 2021

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

Particulars	As at 31 March 2021	As at 31 March 2020
2 Cash and cash equivalents		
Balance with Banks in current accounts	2,630	3,761
Cash on hand	88	5
Cheques, drafts on hand	17	-
	<u>2,735</u>	<u>3,766</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*	92	88
	<u>92</u>	<u>88</u>
*Out of the above bank deposits of ₹ 86 have been kept as a security for registration with the VAT authorities of various states.		
4 Trade receivable		
Receivables considered good secured	78	110
Less: Loss allowance for trade receivable	(0)	-
Receivables considered good unsecured	-	-
Less: Loss allowance for trade receivable	-	-
Receivables which have significant increase in credit risk	137	106
Less: Loss allowance for trade receivable	(0)	-
Receivable credit impaired	1,110	505
Less: Loss allowance for trade receivable	(131)	(61)
Total	<u>1,194</u>	<u>660</u>
There are no debts due by directors or other officers of the Company		
5 Loans		
Loan against Hypothecation of vehicle	25,606	36,259
Loan against Property	1,57,024	1,66,451
Finance Leases	45,657	46,661
Less: Impairment loss allowance	(8,588)	(4,687)
Total	<u>2,19,699</u>	<u>2,44,684</u>

Emergency Credit Line Guarantee Scheme (ECLGS) in respect of Loan against Hypothecation of vehicle and Loan against property
During the current year, the Government of India through Ministry of Finance, Department of Financial Services, had introduced the Emergency Credit Line Guarantee Scheme (ECLGS), for providing 100% guarantee coverage for additional working capital term loans (in case of Banks and FIs) and additional term loans (in case of NBFCs) upto 20% of their entire outstanding credit (upto limits specified under the Scheme) as on February 29, 2020. ECLGS was offered to borrowers eligible as per the criteria specified in the scheme. The Company carried out credit assessment of eligible borrowers to assess the requirement of the borrower and the qualifying criteria as per criteria as specified by National Credit Guarantee Trustee Company Limited (NCGTC).

Restructuring of Accounts in respect of Loan against Hypothecation of vehicle and Loan against property

The economic fallout on account of COVID-19 pandemic has led to significant financial stress for many borrowers. Considering the above, with the intent to facilitate revival and to mitigate the impact on ultimate borrowers, Reserve Bank of India (RBI) introduced measures under the Resolution Framework for COVID-19. As per the RBI Framework, the Company established a policy to provide resolution for eligible borrowers having stress on account of COVID-19 in line with the RBI Guidelines. As advised under the said circular and Company's policy, the eligibility of customers was assessed, so as to understand the extent of financial stress caused due to COVID-19, sales and consequent cash flow mismatch, duly supported by the documentary evidence. In addition to assessing the impact of stress, the Resolution framework was discussed with the eligible borrower (Refer note 47 for disclosure as per circular on restructuring)

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

as at 31 March 2021

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

Particulars	As at 31 March 2021	As at 31 March 2020
5 Loans (Continued)		
Moratorium		
The RBI had announced Moratorium for 6 months on repayments for the period March 2020 to August 2020 for term loans and working capital facilities outstanding as on February 29, 2020. This was part of the regulatory measures adopted to mitigate the burden of debt servicing brought about by disruptions on account of Covid pandemic and to ensure continuity of viable businesses. As part of the scheme and as per Company's Board approved policy, the Company has provided moratorium to eligible borrowers. (Refer note 46 for disclosure as per circular on moratorium)		
Loans at amortised cost		
A		
Term loans	1,82,631	2,02,710
Finance Lease	45,657	46,661
Gross Total A	2,28,287	2,49,370
Less: Impairment Loss allowance	(8,588)	(4,687)
Net Total A	2,19,699	2,44,683
B		
Secured by tangible assets	2,23,339	2,49,370
Secured by intangible assets	-	-
Covered by Bank/Government Guarantees	4,948	-
Unsecured	-	-
Gross Total B	2,28,287	2,49,370
Less: Impairment Loss allowance	(8,588)	(4,687)
Net Total B	2,19,699	2,44,683
C		
Loans in India	2,28,287	2,49,370
Public Sector	-	-
Others	-	-
Gross Total	-	-
Less: Impairment loss allowance	(8,588)	(4,687)
Net	2,19,699	2,44,683
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Net	-	-
Net Total C	2,19,699	2,44,683
6 Other financial assets		
Security deposits Premises	24	34
Sundry Deposits	44	49
Retained Interest on Loan Assigned	505	563
Recoverable from sale of assets	29	27
Loans and advances to employees	5	7
Exgratia receivable*	197	-
Out of pocket expenses recoverable	3,208	2,488
Less: Loss Allowance for Out of pocket expenses recoverable	(15)	(16)
Total	3,997	3,152

*The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months from March 20 to Aug 20 to borrowers in specified loan accounts (Scheme), as per the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. The Company has implemented the Scheme and calculated the amount to be credited to the eligible borrowers loan account as per the Scheme.

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

as at 31 March 2021

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

	Particulars	As at 31 March 2021	As at 31 March 2020
7	Inventories		
	Stock-in-trade	91	20
		<u>91</u>	<u>20</u>
8	Current tax assets (net)		
	Advance tax (net of provision for tax)	794	1,396
	(Net of provision for tax of March 2020 ₹ 12,048/-, March 2021 ₹ 12,048/-)		
	Total	<u>794</u>	<u>1,396</u>
9	Deferred tax assets (net)		
	Deferred Tax Assets (net)	6,658	5,454
	Total	<u>6,658</u>	<u>5,454</u>

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued) as at 31 March 2021

(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, 2019	41	68	53	237	134	48	3,363	3,943
Additions	-	9	8	121	16	4	200	359
Disposals	-	-	1	73	0	0	119	194
As at March 31, 2020	41	77	60	285	150	52	3,444	4,108
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
Accumulated Depreciation / amortization and impairment :								
As At April 01, 2019	2	24	17	125	82	20	736	1,005
Additions	1	15	11	70	31	10	598	736
Disposals	-	-	1	55	0	0	41	97
As at March 31, 2020	3	39	27	140	113	30	1,293	1,644
As At April 01, 2020	3	39	27	140	113	30	1,293	1,645
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	1,792	2,227
Net carrying								
As at March 31, 2020	38	38	33	145	37	22	2,151	2,464
As at March 31, 2021	37	26	26	147	19	14	1,477	1,746

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2021

(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, 2019	551	551
Additions	31	31
As at March 31, 2020	582	582
As At April 01, 2020	582	582
Additions	17	17
Disposals	147	147
As at March 31, 2021	452	452
Accumulated Depreciation / amortization and impairment :		
As At April 01, 2019	128	128
Additions	146	146
As at March 31, 2020	274	274
As At April 01, 2020	274	274
Additions	128	128
Disposals	82	82
As at March 31, 2021	320	320
Net carrying		
As at March 31, 2020	308	308
As at March 31, 2021	132	132

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2021

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

12 Intangible Assets

Particulars	Software	Total
Gross carrying amount		
As At April 01, 2019	236	236
Additions	-	-
As at March 31, 2020	236	236
As At April 01, 2020	236	236
Additions	207	207
As at March 31, 2021	443	443
Accumulated Depreciation / amortization and impairment :		
As At April 01, 2019	125	125
Additions	45	45
As at March 31, 2020	170	170
As At April 01, 2020	170	170
Additions	70	70
As at March 31, 2021	240	240
Net carrying		
As at March 31, 2020	66	66
As at March 31, 2021	203	203

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

as at 31 March 2021

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

Particulars	As at 31 March 2021	As at 31 March 2020
13 Other non-financial assets		
Prepaid Expenses	500	419
Balance with government authorities		
- Vat credit receivable	53	53
- GST credit receivable	2,997	3,731
- Sales tax refund	56	56
Advances to suppliers of goods and services	201	275
Advances towards finance lease & others	1,853	380
Total	5,660	4,914
14 Trade Payables		
Total outstanding dues of Micro and Small Enterprises	3	11
Total outstanding dues of creditors other than Micro and Small Enterprises	2,764	2,095
Total	2,767	2,106
15 Debt Securities		
Non-convertible unsecured debentures	20,000	20,000
Total	20,000	20,000
	At Amortised Cost	
Liability component of compound financial instruments (Debenture)	-	-
	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
16 Borrowings (Other than debt securities)		
Term Loan		
- From banks	1,15,968	1,53,466
- Masala bond	10,000	10,000
- ECB borrowing from Bank	24,688	17,500
Cash credits	245	198
Overdraft facilities	-	7
Loans and advances from related party	1,003	672
Interest accrued but not due on borrowings	886	1,500
Total	1,52,790	1,83,343

Security Terms for all the above secured facility are common and they read as under.

- Unencumbered owned assets
- Receivables under operating lease with underlying assets.
- Receivables from the Company's other business activities

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

as at 31 March 2021

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

Particulars	As at 31 March 2021	As at 31 March 2020
16 Borrowings (Other than debt securities) (Continued)		
	At Amortised Cost	
(a)Term loans	1,50,656	1,80,966
(i)from banks	-	-
(ii)from other parties	-	-
(b)Deferred payment liabilities	-	-
(c)Loans from related parties	1,003	672
(d) Finance lease obligations	-	-
(e)Liability component of compound financial instruments	-	-
(f)Loans repayable on demand	-	-
(i) from banks	245	205
(ii)from other parties	-	-
(g) Other loans-Interest accrued but not due on borrowings	886	1,500
Total (A)	1,52,790	1,83,343
Borrowings in India	1,17,759	1,55,523
Borrowings outside India	35,031	27,820
Total (B) to tally with (A)	1,52,790	1,83,343
17 Lease liabilities		
Lease liabilities	155	348
Total	155	348
18 Deposits		
Security deposits from lessees	1,347	1,249
Total	1,347	1,249
19 Other financial liabilities		
Other Payables to Employees	371	240
Payable in respect of loans assigned	135	83
Provision for expenses	466	299
Advance from customers	1,942	1,505
Total	2,913	2,127
20 Current tax liabilities (Net)		
Provision for income tax (net of advance tax)	258	74
(Net of advance tax for March 2020 ₹ 3,301/- and March 2021 ₹ 6,036/-)		
Total	258	74

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

as at 31 March 2021

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

	Particulars	As at 31 March 2021	As at 31 March 2020
21	Provisions		
	Provision for employees' benefits		
	- Provision for Compensated absences	165	136
	- Provision for Gratuity	60	6
	Other Provisions	37	16
	Total	262	158
22	Other non-financial liabilities		
	Deferred Income-Securities deposit	342	325
	Statutory remittances (Contributions to PF, GST, TDS, etc.)	305	146
	Total	647	471
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	3,527	2,796
	Add : Additions during the year	952	731
	Balance at the end of the year	4,479	3,527
	Securities premium account	30,303	30,303
	Retained Earnings		
	Balance at the beginning of the year	13,280	10,371
	Profit for the year	4,762	3,640
	Less: Transfer to statutory reserve	952	731
	Balance at the end of the year	17,090	13,280
	Other Comprehensive Income :		
	Balance at the beginning of the year	(109)	(91)
	Transactions during the year	5	(18)
	Balance at the end of the year	(105)	(109)
	Total	51,767	47,001

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.

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

for the year ended 31 March 2021

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

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
25 Interest income		
Interest on loans	31,192	31,738
Penal interest income	26	24
Total	31,218	31,762
On Financial Assets measured at Amortised Cost		
Interest on loans	31,192	31,738
Penal interest income	26	24
Total	31,218	31,762
26 Fees and commission income		
Origination and processing fees	191	274
Total	191	274
27 Net gain on fair value changes		
Securities-Lesses	93	71
Securities-Premises	3	1
Total	96	72
28 Sales of services		
Fleet management services	252	186
Lease rental on operating lease	956	978
Total	1,208	1,164
29 Other income		
Discount received from dealers	152	102
Termination / Rescheduling charges - Hypothecation	254	276
Income on pre termination of lease	12	51
Liabilities / provisions no longer required written back	68	243
Bad debts recovered	8	32
Bank deposits	4	5
Interest on loan to staff	0	1
Other interest	-	9
Interest on income tax refund	70	-
Miscellaneous income	588	813
Total	1,156	1,532

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

for the year ended 31 March 2021

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

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
30 Finance Cost		
Interest	14,400	17,632
Other borrowing costs	346	305
Interest on lease liability	21	35
Total	14,767	17,972
On Financial liability measured at Amortised Cost		
Interest on borrowings	13,774	15,082
Interest on debt securities	626	2,550
Other interest expense	367	340
Total	14,767	17,972
31 Impairment on financial instruments		
Loss allowance ECL	3,991	1,684
Bad debts	-	123
Total	3,991	1,807
32 Employee benefit expenses		
Salaries and wages	3,104	3,099
Contribution to provident and other funds	199	216
Staff welfare expenses	58	86
Total	3,361	3,401
33 Depreciation and amortisation expense		
Depreciation on tangible fixed assets	749	737
Depreciation on Right-of-use assets	128	146
Amortization on intangible fixed assets	70	45
Total	947	928
34 Other expenses		
Power and fuel	55	87
Rent	190	200
Repairs and maintenance	74	70
Insurance	258	379
Rates and taxes	222	257
Sub-contract charges	82	167
Communication expenses	26	35
Legal and professional fees	252	367
Corporate social responsibility expense (Refer note (i) below)	120	88
Computer maintenance and Software	138	79
Travelling and conveyance	34	214
Director's sitting fees	13	9
Payments to Auditors (Refer note (ii) below)	51	49
Loss on pre termination of lease	394	-
Loss on termination and foreclosure of loans	1,651	614
Sundry balances written off	10	-
Management fees	538	259
Loss on assignment	58	68
Miscellaneous expenses	160	168
Total	4,326	3,110

ORIX Leasing & Financial Services India Limited

Notes to audited financial statements (Continued)

for the year ended 31 March 2021

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

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
34 Other expenses (Continued)		
Notes :		
(i) Corporate Social Responsibility Expenditure (CSR) :		
1. Gross amount required to be spent by Company on CSR is ₹ 88 (P. Y. ₹ 64) and the same is spent during the year.		
2. Amount spent during the year on:		
Particulars	Amount Spent	
1. Construction/acquisition of any asset	-	-
2. On purposes other than (1) above	88	88
Total	88	88
(ii) Payment to Auditors:		
Statutory audit fees	42	44
Certification fees	9	5
Total	51	49
35 Earnings per equity share		
Profit after tax attributable to equity shareholders (A)	4,767	3,622
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)	4.72	3.59
Face value per share (₹)	10.00	10.00

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2021

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

23.1 Share capital :

Particulars	As at 31 March 2021		As at 31 March 2020	
	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 2021		As at 31 March 2020	
	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 2021		As at 31 March 2020	
	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%

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(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 2021	31 March 2020
Income tax	545	545
Sales tax	750	755
Litigation pending against the company	20	20
Total	1,315	1,320

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 2021	31 March 2020
Loan and lease commitments	7,754	3,408

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.

Particulars	31 March 2021	31 March 2020
a) Principal amount due and remaining unpaid to suppliers as at the year end	3	11
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 2021

(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 2021		31 March 2020	
	Amount in original currency	Amount in INR	Amount in original currency	Amount in INR
Amount payable for bank guarantee fees (USD)	1	77	1	84
Amount payable for commitment fees	0	2	0	2
Amount receivable for reimbursement of expenses (USD)	3	210	3	204

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

36.5 Based on management's assessment, the Company repossesses vehicles where there is delinquency and the probability of recovery is doubtful. As on 31 March 2021, there are 29 (P.Y. 79) repossessed vehicles having value of Rs 304.62 (P.Y. 1185.39)

36.6 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 2021

(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 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, details of which are given below :-

Particulars	31 March 2021		31 March 2020	
	Regulatory capital	Regulatory capital value	Regulatory capital	Regulatory capital value
i) Tier I capital (%)	23.04%	53,057	19.50%	49,246
ii) Tier II capital (%)	1.56%	3,589	0.72%	1,812
iii) Aggregate of Risk Weighted Assets		2,30,296		2,52,496
Total capital	24.60%	2,86,941	20.22%	3,03,554

37.2 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities :

As at 31 March 2021

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 to 7 days	-	3,189	-	140	-	-
8 to 14 days	-	130	-	-	-	-
15 to 30/31 days	-	11,337	-	12,753	-	-
Over 1 Month Upto 2 Month	-	2,637	-	3,709	-	-
Over 2 Month Upto 3 Month	-	2,583	-	10,583	-	-
Over 3 Month Upto 6 Month	-	7,843	-	9,295	-	-
Over 6 Month Upto 1 Year	-	15,222	-	29,265	-	-
Over 1 Year Upto 3 Year	-	41,983	-	77,046	-	-
Over 3 Year Upto 5 Year	-	24,147	-	30,000	-	-
Over 5 Year	-	1,19,216	-	-	-	-
Total	-	2,28,287	-	1,72,790	-	-

As at 31 March 2020

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 to 7 days	-	2,577	-	249	-	-
8 to 14 days	-	100	-	-	-	-
15 to 30/31 days	-	8,369	-	4,107	-	-
Over 1 Month Upto 2 Month	-	2,596	-	3,690	-	-
Over 2 Month Upto 3 Month	-	3,566	-	3,399	-	-
Over 3 Month Upto 6 Month	-	10,381	-	43,267	-	-
Over 6 Month Upto 1 Year	-	19,229	-	37,363	-	-
Over 1 Year Upto 3 Year	-	51,771	-	98,637	-	-
Over 3 Year Upto 5 Year	-	22,000	-	12,633	-	-
Over 5 Year	-	1,28,781	-	-	-	-
Total	-	2,49,370	-	2,03,344	-	-

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 2021

(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 2021	31 March 2020
Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		-
(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	1,805	2,025
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential		
b. Commercial Real Estate		
Total	1,805	2,025

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 12 June 2020 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 2021	31 March 2020
Provision towards non performing assets (stage three)	2,122	1,948
Provision made towards Income tax	1,715	3,946
Provision for other financial assets	91	179
Provision for standard assets (stage one and two)	1,777	(264)

37.7 Concentration of Advances :

Particulars	31 March 2021	31 March 2020
Total Advances to twenty largest borrowers	18,101	19,522
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	8%	8%

All advances are secured by underlying assets

37.8 Concentration of Exposures :

Particulars	31 March 2021	31 March 2020
Total exposure to twenty largest borrowers / customers	18,101	19,522
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	8%	8%

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(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 2021	31 March 2020
Total exposure to top four non performing assets accounts	1,569	1,150

37.10 Sector-wise non performing assets :

Sl. No.	Sector	Percentage of gross NPAs to net advances in that sector	
		31 March 2021	31 March 2020
1	Agriculture & allied activities	-	-
2	MSME	9.42%	4.22%
3	Corporate borrowers	7.69%	3.22%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	37.23%	21.61%
7	Other personal loans	-	-

37.11 Movement of non performing assets :

Particulars	31 March 2021	31 March 2020
(i) Net non performing assets to Net Advances (%)	9.43%	5.23%
(ii) Movement of non performing assets (Gross)		
a) Opening balance	15,770	7,843
b) Additions during the year	12,977	10,455
c) Reductions during the year	(2,692)	(2,528)
d) Closing balance	26,055	15,770
(iii) Movement of net non performing assets		
a) Opening balance	12,894	6,289
b) Additions during the year	10,286	8,452
c) Reductions during the year	(2,126)	(1,847)
d) Closing balance	21,054	12,894
(iv) Movement of provisions for non performing assets (excluding provisions on standard assets)		
a) Opening balance	2,876	1,554
b) Provisions made during the year	2,691	2,003
c) Write-back of excess provisions	(566)	(681)
d) Closing balance	5,001	2,876

37.12 Disclosure of Customers Complaints :

Particulars	31 March 2021	31 March 2020
a No. of complaints pending at the beginning of the year	-	1
b No. of complaints received during the year	26	23
c No. of complaints redressed during the year	26	24
d No. of complaints pending at the end of the year	-	-

37.13 Details of Off Balance Sheet Assets :

The Company has provided bank guarantees amounting to ₹ 76 (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 ₹ 90 (P.Y. ₹ 86) 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 2021

(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.

Particulars	Current year	Previous year
Number of accounts	-	-
Aggregate value (net of provisions) of accounts sold	-	-
Aggregate consideration	-	-
Additional consideration realised in respect of accounts to	-	-
Aggregate gain/ loss over net book value	-	-

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 under review, the Company, in an investigation of Whistle Blow, ascertained a fraud done by set of borrowers with the Company in Commercial Vehicle Department. The borrower created fake documents such as Registration Certificate and Insurance copies. Against these documents and valuation report which he had submitted through Valuer, this fraudster along with other borrowers obtained loan amounting to ₹ 804.45 Lakhs against used vehicles (54 in nos), which were not in existence (except on papers). It was later ascertained that most of these borrowers have caused fraud with other banks and financial institutions following same modus operandi.

This fraud was reported to Audit Committee and Board of Directors 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 2021

(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-21	31-Mar-20
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 - Directors (from 07 July 2020)
 Harukazu Yamaguchi - Directors (from 31 March 2021)
 Ikuo Nakamura - Directors (upto 03 July 2020)
 Takehiro Onishi - Directors (from 31 March 2021)
 Sandeep Gambhir - Managing Director
 Kiyokazu Ishinabe - Directors (upto 04 November 2020)
 Takashi Nakayama - Directors (from 04 November 2020)
 Ryohei Suzuki - Directors
 Vivek Wadhwa - CFO
 Abhay Kakkar - Directors
 Nagesh Dubey - Directors
 Rajeev Seth - Directors
 Gouri Sawant - Directors

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 (259)	- (-)	- (-)	- (-)
Interest Expenses	69 (73)	- (-)	- (-)	- (-)
Interest Expenses on ECB	- (-)	1,110 (548)	- (-)	- (-)
Bank guarantee fees	- (-)	155 (161)	- (-)	- (-)
Rent Expense	134 (134)	- (-)	- (-)	- (-)
Reimbursement of Expenses Received	- (-)	- (186)	- (-)	- (-)
ECB borrowing	- (-)	10,000 (10,000)	- (-)	- (-)
Commitment Charges	- (-)	9 (12)	- (-)	- (-)
Finance lease assets	137 (462)	- (-)	- (-)	- (-)
Interest Income on Finance Lease	25 (45)	- (-)	- (-)	- (-)
Finance lease rental	92 (147)	- (-)	- (-)	- (-)
Finance lease addition	75 (275)	- (-)	- (-)	- (-)
Finance lease deduction	458 (-)	- (-)	- (-)	- (-)
Cost reimbursement paid to	5 (23)	- (-)	- (-)	- (-)

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(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
Advance given for Software cost	- (18)	- (-)	- (-)	- (-)
Advance receive for Software cost	- (144)	- (-)	- (-)	- (-)
Director sitting fees	- (-)	- (-)	13 (9)	- (-)
Tax Payment	- (-)	- (-)	- (-)	1 (-)
Loans & receivables (Net off FCL)	- (-)	- (-)	- (-)	3 (4)
Income from finance lease	- (-)	- (-)	- (-)	0 (1)

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	1,004 (672)	- (-)	- (-)	- (-)
Payable				
Management Charges	344 (93)	- (-)	- (-)	- (-)
Rent Expense	34 (48)	- (-)	- (-)	- (-)
Cost reimbursement	1 (10)	- (-)	- (-)	- (-)
Advance receive for Software cost	- (84)	- (-)	- (-)	- (-)
Other payable	625 (437)	- (-)	- (-)	- (-)
Receivable				
Service fees towards provide staffing and advisory	- (-)	210 (204)	- (-)	- (-)
Payable	- (-)	20,276 (10,241)	- (-)	- (-)
ECB borrowing	- (-)	20,000 (10,000)	- (-)	- (-)
Interest on ECB borrowing	- (-)	197 (155)	- (-)	- (-)
Bank Guarantee fees	- (-)	77 (84)	- (-)	- (-)
Commitment Charges	- (-)	2 (2)	- (-)	- (-)
Payable towards Director sitting fees				
Abhay Kalkar	- (-)	- (-)	2 (1)	- (-)
Nagesh Dnbey	- (-)	- (-)	1 (1)	- (-)
Rajeev Seth	- (-)	- (-)	1 (1)	- (-)
Receivable				
ORIX Housing Finance Corporation India Limited	- (-)	- (-)	- (-)	1 (-)
Receivable				
Infrastructure Leasing & Financial Services Ltd	- (-)	- (-)	- (-)	0 (1)

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 2021

(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 ₹ 9 (previous year ₹ 9) 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 ₹ 133 (previous year ₹ 153) 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 HDFC, 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, 2021. 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 2021	31 March 2020
	Gratuity Funded	
Defined benefit obligation	388	348
Fair value of plan assets	328	342
Net defined benefit (obligation)	60	6
Non-current	-	-
Current	60	6

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 2021	31 March 2020
	Gratuity Funded	
Defined benefit obligation		
Opening balance	347	310
Current service cost	57	53
Interest cost (income)	24	24
	428	387
Included in OCI		
Financial assumptions	(5)	35
Experience adjustment	1	(26)
	424	396
Other		
Contributions paid by the employer	(38)	(49)
Closing balance	386	347
Fair value of plan asset		
Opening balance	342	289
Interest income	24	23
	366	312
Included in OCI		
Remeasurement gain (loss)		
Demographic assumptions		
Return on plan assets excluding interest income	0	(16)
	366	296
Other		
Contributions paid by the employer	-	94
Benefits paid	(38)	(48)
Closing balance	328	342
Represented by		
Net defined benefit asset	-	-
Net defined benefit liability	58	6
	58	6

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(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 2021	31 March 2020
	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 2021	31 March 2020
Discount rate	7.01%	6.89%
Expected rate of return on plan assets	6.89%	6.89%
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 2021	As at 31 March 2020
Opening Balance	6	21
Expenses Recognized in the Statement of Profit or Loss	58	55
Expenses Recognized in OCI	(4)	24
(Employer benefits)	-	(94)
Net liability/Asset recognised in the balance sheet	60	6

F. Expenses recognized in Statement of Profit & loss

	As at 31 March 2021	As at 31 March 2020
Expenses Recognized in the Statement of Profit or Loss for Current Period		
Current Service Cost	57	53
Net Interest Cost	0	2
Expenses Recognized	57	55

G. Expenses recognized in Other Comprehensive Income (OCI)

	As at 31 March 2021	As at 31 March 2020
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period		
Actuarial (Gains)/Losses on Obligation For the Period	(4)	9
Return on Plan Assets, Excluding Interest Income	(0)	15
Net (Income)/Expense For the Period Recognized in OCI	(4)	24

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

39 Employee benefit (Continued)

(ii) Defined Benefit Plan: (Continued)

II. Reconciliation of OCI

Gratuity	As at 31 March 2021	As at 31 March 2020
Opening Balance	109	91
Actuaries losses during the year	(5)	18
Balance end of the year	104	109

I. Other Details

	As at 31 March 2021	As at 31 March 2020
Prescribed contribution for next years (12 months)	94	63

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

	As at 31 March 2021	As at 31 March 2020
Projected benefits payable in future years from the date of reporting		
1st following Year	20	8
2nd following Year	8	9
3rd following Year	27	19
4th following Year	22	25
5th following Year	30	21
Sum of years 6 to 10	142	143

K. Sensitivity analysis

	31-Mar-21		31 March 2020	
	Increase	Decrease	Increase	Decrease
	Gratuity		Gratuity	
Discount rate (1% movement)	(35)	(231)	(33)	39
Future salary growth (1% movement)	41	(158)	38	(33)
Mortality post retirement	(139)	(370)	(2)	2

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 2021 based on actuarial valuation using the projected accrued benefit method is ₹ 164.62 (previous year ₹ 135.53).

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(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, 2021			March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and bank balances	2,735	-	2,735	3,766	-	3,766
Bank Deposits	87	5	92	-	88	88
Loans	43,236	1,76,463	2,19,699	46,639	1,98,045	2,44,684
Trade receivable	1,194	-	1,194	660	-	660
Security deposits Premises	-	24	24	-	34	34
Retained Interest on Loan Assigned	90	415	505	131	432	563
Other Deposits	41	3	44	39	10	49
Loans and advances to employees	5	-	5	7	-	7
Recoverable from sale of assets	29	-	29	27	-	27
Exgratia receivable*	197	-	197	-	-	-
Advances to suppliers of goods and services	201	-	201	275	-	275
Out of pocket expenses recoverable	1,323	1,870	3,193	1,360	1,112	2,472
Inventories	91	-	91	20	-	20
Tax payments less provisions	-	794	794	-	1,396	1,396
Deferred Tax Asset	-	6,658	6,658	-	5,454	5,454
Prepaid Expenses	301	199	500	230	189	419
Balances with Government authorities	3,052	53	3,105	3,786	53	3,839
Capital Advances	1,853	-	1,853	380	-	380
Property, plant and equipment	-	1,746	1,746	-	2,464	2,464
Right-of-use assets	-	132	132	-	308	308
Other Intangible assets	-	202	202	-	66	66
Liabilities						
Trade Payables	2,767	-	2,767	2,106	-	2,106
Debt Securities	-	20,000	20,000	20,000	-	20,000
Borrowings	65,760	87,030	1,52,790	72,123	1,11,220	1,83,343
Security deposits from lessees	377	970	1,347	277	972	1,249
Other Payables to Employees	371	-	371	240	-	240
Payable in respect of loans assigned	135	-	135	83	-	83
Other Payables	466	-	466	299	-	299
Payable towards refund of interest	-	-	-	-	-	-
Advance from customers	1,942	-	1,942	1,505	-	1,505
Lease liabilities	52	103	155	147	201	348
Current tax liabilities (Net)	258	-	258	74	-	74
Provision for Compensated absences	70	155	225	12	130	142
Other provisions	37	-	37	16	-	16
Lease Equalisation	-	-	-	-	-	-
Deferred Income-Securities deposit	-	342	342	-	325	325
Statutory remittances (Contributions to PF, withholding taxes, GST, TDS, etc.)	305	-	305	146	-	146

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(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

Concentration by Geographical region in India:

As at March 31, 2021	East	West	North	South	Total
Loan against Hypothecation of Vehicles	-	5,463	18,136	2,087	25,686
Loan against Property	7,269	49,280	51,771	48,704	1,57,024
Finance Lease Receivables	4,933	11,628	10,891	18,205	45,657
Total	12,202	66,371	80,798	68,916	2,28,287
As at March 31, 2020	East	West	North	South	Total
Loan against Hypothecation of Vehicles	-	6,451	27,438	2,369	36,258
Loan against Property	7,176	51,803	55,834	51,638	1,66,451
Finance Lease Receivables	1,203	9,577	12,766	23,115	46,661
Total	8,379	67,831	96,038	77,122	2,49,370

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 2021

(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, 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
Trade receivable	78	137	1,109	1,324
Total	1,70,557	31,891	27,162	2,29,610
The above table includes advances and outstanding.				
	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Loan against Hypothecation of Vehicles	24,447	4,466	7,346	36,259
Loan against Property	1,34,972	24,534	6,945	1,66,451
Finance Lease Receivables	33,826	11,451	1,383	46,660
Trade receivable	110	106	505	721
Total	1,93,355	40,557	16,179	2,50,091
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 2021

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

44 The Company has made use of the following practical expedients available in Ind AS 116: -

- 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.
- 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.
- 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.
- 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.
- As a result of ongoing pandemic, during the year 2020-21, 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 INR 24 is credited to profit and loss account.
The company has applied the practical expedient to all rent concessions as these concession meet the conditions of practical expedient.

IND AS 116 disclosure

Particular	As at 31 March, 2021	As at 31 March, 2020
Depreciation charge of ROU	128	146
Interest expenses on lease liability	21	35
Expenses for short term leases	40	200
Expenses for low value leases	-	-
Cash outflow of leases during the year	131	169
Additions to ROU during the year (New premises on lease)	30	30
Carrying amount of ROU as at	132	308
Maturity analysis of lease liability		
Less than 6 months	31	74
6-12 months	16	73
1-2 years	32	77
2-5 years	17	110
More than 5 years	-	14
Total	95	348

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(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 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	1,70,470	2,523	1,67,956	2,680	(1,57)
	Stage 2	31,754	3,063	30,691	450	(67)
Subtotal		2,02,233	3,586	1,98,647	3,136	480
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,346	1,606	8,940	853	753
Doubtful - up to 1 year	Stage 3	50,135	2,220	7,915	1,942	278
1 to 3 years	Stage 3	4,758	1,604	3,754	1,454	(450)
More than 3 years	Stage 3	382	88	294	254	(46)
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	3,351	53	3,300	-	53
	Stage 2	135	-	136	-	-
	Stage 3	1,110	131	979	-	131
Subtotal		4,599	184	4,415	-	184
Total	Stage 1	1,73,832	2,576	1,71,256	2,680	(104)
	Stage 2	31,894	3,063	30,827	450	(67)
	Stage 3	27,163	5,132	22,031	5,420	(288)
Total	Total	2,32,885	8,771	2,24,114	8,856	215

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 2021, no amount is required to be transferred to 'Impairment Reserve'. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on non performing assets is not permitted under IRACP norms.

Assets classification as at 31 March 2020

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	1,92,707	621	1,92,086	1,817	(1,150)
	Stage 2	40,452	1,191	39,261	195	(90)
Subtotal		2,33,159	1,812	2,31,347	2,012	(200)
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,523	1,936	8,588	936	1,000
Doubtful - up to 1 year	Stage 3	3,412	605	2,807	952	(347)
1 to 3 years	Stage 3	1,400	223	1,176	453	(230)
More than 3 years	Stage 3	126	31	95	90	(59)
Subtotal for doubtful		4,938	859	4,078	1,495	(636)
Loss	Stage 3	309	81	228	212	(131)
Subtotal for NPA		309	81	228	212	(131)
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	6,047	34	6,013	-	34
	Stage 2	106	0	106	-	0
	Stage 3	505	60	445	-	60
Subtotal		6,658	94	6,564	-	94
Total	Stage 1	1,98,754	655	1,98,099	1,817	(1,162)
	Stage 2	40,558	1,191	39,367	195	(90)
	Stage 3	16,275	2,936	13,339	2,643	203
Total	Total	2,55,587	4,782	2,50,805	4,655	127

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

46 Asset Classification and Provisioning

In terms of the circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 ('Regulatory Package'), the lending institutions were permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'). In respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020. Based on an assessment by the Company, this relaxation does not automatically trigger significant increase in credit risk. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The RBI vide its guidelines dated May 23, 2020 has permitted all Banks, NBFCs and other financial institutions to grant moratorium for an additional period of 3 months on payment of instalments falling due between June 1, 2020 and August 31, 2020. The Company has chosen to offer this to its customers.

As per RBI Circular DOR.No.BP.BC.63/21.04.048/2019-20, in respect of accounts in default but standard where asset classification benefit is extended, lending institutions shall make general provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters as under:

- (i) Quarter ended March 31, 2020 – not less than 5 per cent
- (ii) Quarter ending June 30, 2020 – not less than 5 per cent

Below table shows the exposure where moratorium was granted and provision as mentioned above on the same for quarter ended March 31, 2021

Particular	As at 31 March, 2021	As at 31 March, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended (Refer note 46.1)	1,33,793#	21,204*
Respective amount where asset classification benefits is extended	-	21,204
Provisions made during the Q4FY2020 as per RBI Circular DOR.No.BP.BC.63/21.04.048/2019-20 (Refer note 46.2)	NA	1,060
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	NA	-

46.1 Outstanding as on 31 March 2021 and 31 March 2020 respectively on account of all loans where moratorium benefit was extended by the Company, that were in SMA/ overdue categories just before granting of Moratorium:

Outstanding as on 31 March 2021 on account of all such loans where moratorium benefit was extended by the Company upto previous year end and further upto August 31, 2020.

* Outstanding as on 31 March 2020 on account of all such loans where moratorium benefit was extended by the Company as at the previous year end.

46.2 As per RBI circular DOR No BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on Regulatory Package, the Company has created adequate provision for ECL as per its Board approved ECL policy. Further, for the purpose of computing provision under IRACP norms as required by circular DOR(NBFC).CC.PD.NO.109/22.10.106/2019-20 dated March 13, 2020, the Company has created 5% provision on cases where moratorium is granted and asset classification benefit is considered.

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

47 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 Number of accounts where resolution plan has been implemented under this window	B Exposure to accounts mentioned at (A) before implementation of the plan	C Of (B), aggregate amount of debt that was converted into other securities	D Additional funding sanctioned, if any, including between invocation of the plan and implementation	E Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	982	41,178	-	-	1,987
Others	18	2,017	-	-	295
Total					

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

Disclosure related to MSME restructured accounts

No. of accounts restructured	Amount
982	41,178

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

48 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, 2021	As at 31 March, 2020
Finance lease income	6,144	6,576
Net investment in finance lease	42,492	44,215

Category of lease

	As at 31 March, 2021	As at 31 March, 2020
Vehicle	32,828	35,820
Equipment	10,967	8,393
Two Wheeler	90	112
Furniture & Fixture	168	52
	44,053	44,377

Movement of net investment in finance lease

	As at 31 March, 2021	As at 31 March, 2020
Opening balance	44,215	41,574
Net addition/(deletion)	(1,723)	2,641
Net closing of net investment in finance lease	42,492	44,215

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

	As at 31 March, 2021		As at 31 March, 2020	
	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	23,321	18,308	22,646	17,291
Between one and five years	30,073	25,745	31,826	27,086
More than five years	-	-	-	-
	53,394	44,053	54,472	44,377

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, 2021	For the year ended 31 March, 2020
Operating leases rental	956	978
Total	956	978

Notes to the financial statements (Continued)*for the year ended 31 March 2021**(All amounts are in INR Lakhs, except as stated)***48 Finance Lease as Lessor (Continued)**

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

	As at 31 March, 2021	As at 31 March, 2020
Less than one year	561	917
Between one and five years	361	787
More than five years	-	-
Total	922	1,704

ORIX Leasing and Financial Services India Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2021

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

49 Segment Reporting

The Chief Executive Officer (CEO) been identified as the Chief Operating Decision Maker (CODM). The CEO 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 2021 or 31st March 2020.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(All amounts are in INR Lakhs, except stated)

50 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, 2021 INR actual	Carrying value	Level 1	Fair value		Total
			Level 2	Level 3	
Financial assets					
Loans					
Cash and cash equivalents	2,827	2,827	-	-	2,827
Loan against Hypothecation of vehicle	22,066	-	22,255	-	22,255
Loan against Property	1,52,718	-	1,52,718	-	1,52,718
Finance Leases	44,916	-	46,422	-	46,422
Trade receivable	1,194	-	1,194	-	1,194
Security deposits Premises	24	-	24	-	24
Sundry Deposits	44	-	44	-	44
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
Out of pocket expenses recoverable	3,193	-	3,193	-	3,193
	2,27,718	2,827	2,26,586	-	2,29,413
Financial liabilities					
Trade payables	2,767	-	2,767	-	2,767
Non-convertible Debentures	20,000	-	20,000	-	20,000
Term Loan	1,15,968	-	1,04,761	-	1,04,761
Masala Bond	10,000	-	10,000	-	10,000
ECB Borrowing from Bank	24,688	-	24,688	-	24,688
Cash Credit	245	-	245	-	245
Overdraft facilities	-	-	-	-	-
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
Payable towards refund of interest	-	-	-	-	-
Advance from customers	1,942	-	1,942	-	1,942
Lease liabilities	155	-	155	-	155
	1,79,973	-	1,68,766	-	1,68,766

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(All amounts are in INR Lakhs, except stated)

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

A. Accounting classification and fair values (Continued)

March 31, 2020	Carrying value	Level 1	Level 2	Fair value Level 3	Total
INR actual					
Financial assets					
Non Current					
Loans					
Cash and cash equivalents	3,854	3,854	-	-	3,854
Loan against Hypothecation of vehicle	33,994	-	33,866	-	33,866
Loan against Property	1,64,752	-	1,64,752	-	1,64,752
Finance Leases	45,937	-	47,839	-	47,839
Trade receivable	660	-	660	-	660
Security deposits Premises	34	-	34	-	34
Sundry Deposits	49	-	49	-	49
Retained interest on Loan Assigned	563	-	563	-	563
Recoverable from sale of assets	27	-	27	-	27
Other Deposits	-	-	-	-	-
Loans and advances to employees	7	-	7	-	7
Bank Deposits maturity more than 12 months	-	-	-	-	-
Out of pocket expenses recoverable	2,472	-	2,472	-	2,472
	2,52,349	3,854	2,50,269	-	2,54,123
Financial liabilities					
Trade payables	2,106	-	2,106	-	2,106
Non-convertible Debentures	20,000	-	20,000	-	20,000
Term Loan	1,53,466	-	1,35,541	-	1,35,541
Masala Bond	10,000	-	10,000	-	10,000
ECB Borrowing from Bank	17,500	-	17,500	-	17,500
Cash Credit	198	-	198	-	198
Overdraft facilities	7	-	7	-	7
Loans from Related Parties	672	-	672	-	672
Interest accrued but not due on borrowings	1,500	-	1,500	-	1,500
Security Deposits From Lessees	1,249	-	1,249	-	1,249
Other Payables to Employees	240	-	240	-	240
Payable in respect of loans assigned	83	-	83	-	83
Provision for expenses	299	-	299	-	299
Advance from customers	1,506	-	1,506	-	1,506
Lease liabilities	348	-	348	-	348
	2,09,174	-	1,91,249	-	1,91,249

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

(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 2021

(All amounts are in INR Lakhs, except stated)

50 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, 2021	March 31, 2020
Interest bearing financial liabilities			
Fixed rate borrowings			
Non-convertible unsecured debentures		20,000	20,000
Term Loan		52,000	63,000
Security Deposits		1,347	1,249
Total		73,347	84,249
Variable rate borrowings			
Term Loan		98,656	1,17,966
Cash Credit		245	198
Overdraft Facilities		-	7
Loans and advances from related party		1,003	672
Interest accrued but not due on borrowings		886	1,500
Total		1,00,790	1,20,343
Interest bearing financial assets			
Fixed rate assets			
Deposit with original maturity of more than 3 months but residual maturity of less than 12 months		92	88
Loan against Hypothecation of vehicle		22,066	33,994
Finance Leases		44,916	45,937
Loans and advances to employees		5	7
Total		67,079	80,026
Variable rate assets			
Loan against Property		1,52,718	1,64,752
Total		1,52,718	1,64,752

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(All amounts are in INR Lakhs, except stated)

50 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, 2021		
Variable-rate instruments	519	(519)
Cash flow sensitivity (net)	519	(519)
INR	100 bp increase	100 bp decrease
March 31, 2020		
Variable-rate instruments	444	(444)
Cash flow sensitivity (net)	444	(444)

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 2021

(All amounts are in INR Lakhs, except stated)

50 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 economic scenario, recoveries from sale of CV assets have been stressed by 30% and an additional LGD of 5% has been factored in for Loans against hypothecation of vehicles
- 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.

Scenario Weights have been arrived at taking into consideration the products and prevailing macro-economic conditions. With the overall economic condition worsening on account of COVID 19, the worst case scenario weights have been substantially increased for the retail lending products. This is basis management's estimation of market scenario and related impact on portfolio quality

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(All amounts are in INR Lakhs, except stated)

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

ii. Credit risk (Continued)

Impact of Covid-19 :

The COVID-19 pandemic has had a significant impact on economic activities globally as well as across our country. After the onset of the Covid pandemic in 2020 and subsequent lockdown of the economy, there was a calibrated opening up of the economy till Feb'21. However, there was the onset of the second wave and the economy was under lockdown again since the end of fiscal year 2021-21 and beginning of 2021-22. The Indian economy is now again opening up in a calibrated way, and is projected to bounce back from a low base after a contraction in 2020.

The Government of India and Reserve Bank of India as a part of its measures to support and boost the economy have since last year come out with various measures for the lending businesses including granting of moratorium for six months to eligible borrowers, ECLGS Scheme and Resolution Framework for COVID-19-related Stress.

Based on the plans rolled out by the Company with respect to the above measure and other information available up to the date of approval of these financial statements, the Company assessed the impact on its assets, expected credit loss on its loan portfolio and liabilities including Asset Liability Management ("ALM") position.

Based on the detailed evaluation, the Company has:

a) made adequate provision for credit losses on its loan portfolio against the potential impact of COVID -19. The aggregate provisions are adequate vis-à-vis the minimum regulatory provisions prescribed by the Reserve Bank of India, and

b) 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. Certain loan accounts in the LAP portfolio and Loan against Hypothecation of vehicle portfolios have been extended resolution under the Resolution Framework for COVID-19-related Stress announced by the RBI on 6th August 2020. For such LAP accounts, the management has decided to keep a minimum ECL floor of 5% and 10% of exposure amount for MSME & non MSME loans respectively. Similarly, for Loan against Hypothecation of vehicle portfolio, the management has decided to keep a minimum ECL floor of 10% of exposure amount.

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

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%	47.00%	31.80%
Probability assigned -Loans against hypothecation of vehicles	21.20%	36.40%	42.40%
2021 (%)	18	13	8
2022 (%)	10	5	(1)
2023 (%)	11	6	0
2024 (%)	11	5	(0)
2025 (%)	11	6	0
2026 (%)	11	6	0
2027 (%)	11	6	1
Subsequent years (%)	12	6	1

Assessment of significant increase in credit risk:

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due and/ or management assessment of credit deterioration. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been 30 days past due.

Certain categories of Loan Against Property borrowers less than 30 days past due have been classified as Stage 2 borrowers based on the assessment of their Industry and Economic Sector. Management has done an indepth assessment of portfolio into industries and basis the management's estimation of impact of COVID 19 on specific industries, stage has been moved

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 2021

(All amounts are in INR Lakhs, except stated)

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

Policy for write-off of loan assets

No write offs have been done by the management during the periods for consideration.

ii Exposure at default and Loss allowance

The following table shows the exposure at default and loss allowance for the same

Loan against Property	2021		2020	
	EAD	ECL	EAD	ECL
Stage 1	1,21,936	1,771	1,34,972	170
Stage 2	20,701	786	24,534	656
Stage 3	14,387	1,749	6,945	873
Total	1,57,024	4,306	1,66,451	1,699

Loan against Hypothecation of vehicle	2021		2020	
	EAD	ECL	EAD	ECL
Stage 1	15,579	595	24,447	229
Stage 2	1,813	91	4,466	231
Stage 3	8,214	2,854	7,346	1,805
Total	25,606	3,540	36,259	2,265

Finance Leases	2021		2020	
	EAD	ECL	EAD	ECL
Stage 1	32,964	161	33,826	222
Stage 2	9,240	185	11,451	304
Stage 3	3,452	395	1,383	198
Total	45,656	741	46,660	724

Trade receivable	31st March 2021	31st March 2020
0 DPD		
1-60 DPD	78	110
61-90 DPD	137	106
90+ DPD	1,109	505
Total	1324	721
Loss Allowance	132	61

The following table shows reconciliations from the opening to the closing balance of gross exposure

	Stage One	Stage Two	Stage Three	Total
Gross carrying amount				
Loan against Hypothecation of Vehicles				
Balance as at April 1, 2019	49,340	3,920	3,118	56,378
Transfer to stage one	379	(354)	(25)	-
Transfer to stage two	(3,726)	3,741	(16)	(1)
Transfer to stage three	(3,391)	(1,547)	4,938	-
Net remeasurement of loss allowance	(14,287)	(802)	(13)	(15,102)
New financial assets originated or purchased	1,882	312	150	2,344
Financial assets that have been derecognised	(5,750)	(804)	(806)	(7,360)
Write – offs	-	-	-	-
Balance as at March 31, 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 – offs	-	-	-	-
Balance as at March 31, 2021	15,579	1,813	8,214	25,606

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(All amounts are in INR Lakhs, except stated)

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

Gross carrying amount	Stage One	Stage Two	Stage Three	Total
Loan against Property				
Balance as at April 1, 2019	1,47,230	4,341	1,143	1,55,714
Transfer to stage one	909	(769)	(140)	-
Transfer to stage two	(18,863)	19,340	(477)	-
Transfer to stage three	(2,973)	(976)	3,949	-
Net remeasurement of loss allowance	(3,207)	(173)	243	(3,137)
New financial assets originated or purchased	35,654	3,231	-	38,885
Financial assets that have been derecognised	(23,778)	(460)	(773)	(25,011)
Write – offs	-	-	-	-
Balance as at March 31, 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	2,134	907	1,279	4,320
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	1,21,936	20,701	14,387	1,57,024

Gross carrying amount	Stage One	Stage Two	Stage Three	Total
Finance Lease Receivables				
Balance as at April 1, 2019	38,118	3,410	582	42,110
Transfer to stage one	864	(862)	(2)	-
Transfer to stage two	(6,116)	6,122	(6)	-
Transfer to stage three	(685)	(111)	796	-
Net remeasurement of loss allowance	(2,303)	(491)	(82)	(2,876)
New financial assets originated or purchased	4,591	3,599	132	8,322
Financial assets that have been derecognised	(643)	(216)	(37)	(896)
Write – offs	-	-	-	-
Balance as at March 31, 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	(7,331)	679	39	(6,613)
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	32,964	9,240	3,452	45,656

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(All amounts are in INR Lakhs, except stated)

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

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, 2019	125	115	836	1,076
Transfer to 12 month ECL	5	(5)	-	-
Transfer to Lifetime ECL not credit impaired	(189)	190	(1)	-
Transfer to Lifetime ECL credit impaired	(834)	(381)	1,215	-
Net remeasurement of loss allowance	1,125	312	84	1,521
New financial assets originated or purchased	16	20	37	73
Financial assets that have been derecognised	(19)	(20)	(366)	(405)
Write – offs	-	-	-	-
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

Write Offs - Loan against Hypothecation of Vehicles

	For the year ended 31 March 20021	For the year ended 31 March 20020
Amount of Loans written off during the period but still recoverable	0	0

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan against Property				
Balance as at April 1, 2019	21	228	578	827
Transfer to 12 month ECL	3	(2)	(1)	-
Transfer to Lifetime ECL not credit impaired	(446)	481	(35)	-
Transfer to Lifetime ECL credit impaired	(362)	(121)	483	-
Net remeasurement of loss allowance	916	82	21	1,019
New financial assets originated or purchased	41	18	-	59
Financial assets that have been derecognised	(3)	(30)	(173)	(206)
Write – offs	-	-	-	-
Balance as at March 31, 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

Write Offs - Loan against Property

	For the year ended 31 March 20021	For the year ended 31 March 20020
Amount of Loans 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 2021

(All amounts are in INR Lakhs, except stated)

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

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Finance Lease Receivables				
Balance as at April 1, 2019	739	265	140	1,144
Transfer to 12 month ECL	6	(6)	-	-
Transfer to Lifetime ECL not credit impaired	(148)	148	-	-
Transfer to Lifetime ECL credit impaired	(68)	(11)	80	1
Net remeasurement of loss allowance	(321)	(181)	(26)	(528)
New financial assets originated or purchased	29	112	13	154
Financial assets that have been derecognised	(15)	(23)	(9)	(47)
Write – offs	-	-	-	-
Balance as at March 31, 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

Write Offs - Finance Lease Receivables

	For the year ended 31 March 20021	For the year ended 31 March 20020
Amount of Loans written off during the period but still recoverable	0	0

Security Deposits, CV lease and other advances

	2020-21	2019-20
Opening balance	94	50
Net Impairment loss recognised	91	44
Balance written back		
Closing balance	185	94

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 2021						
ECL rate		0%	0%	0%	12%	
EAD		79	68	68	1,110	1,325
ECL		0	0	0	131	131
Net carrying amount	-	79	68	68	979	1,194
31st March 2020						
ECL rate		0%	0%	1%	12%	
EAD		110	55	51	505	722
ECL		0	0	0	60	61
Net carrying amount	-	110	55	51	445	661

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

(All amounts are in INR Lakhs, except stated)

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

ECL changes on Financial instruments recorded in P&L

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		17
Trade receivables and others				91	91
Total	1,902	-127	2,125	91	3,991

Year ended 31 March 2020	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Simplified approach	Total
Loan against Hypothecation of Vehicles	104	116	969		1,189
Loan against Property	148	428	296		872
Finance Lease Receivables	(517)	39	57		(420)
Trade receivables and others				44	44
Total	-264	582	1,322	44	1,684

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 is primarily due to forward-looking impact of material deterioration in the economic outlook due 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 2021

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

50 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.

March 31, 2021 INR actuals	Contractual cash flows					
	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years
Non-derivative financial assets						
Loans						
Cash and cash equivalents	2,827	2,827	2,827	-	-	-
Loan against Hypothecation of vehicle	22,066	25,606	11,007	4,724	6,619	3,256
Loan against Property	1,52,718	1,57,024	5,506	2,252	5,437	1,43,828
Finance Leases	44,916	45,657	11,583	8,205	13,357	12,512
Trade receivable	1,194	1,194	1,194	-	-	-
Security deposits Premises	24	24	-	-	-	24
Sundry Deposits	44	44	44	-	-	-
Retained Interest on Loan Assigned	505	505	505	-	-	-
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	3,193	1,323	-	-	1,870
	2,27,718					
Non-derivative 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	-	-	-
Loans and advances from related party	1,003	1,003	1,003	-	-	-
Trade Payable	2,767	2,767	2,767	-	-	-
Provision for expenses	466	466	466	-	-	-
Lease liabilities	155	155	155	-	-	-
Other Payables to Employees	371	371	371	-	-	-
Payable in respect of loans assigned	135	135	135	-	-	-
Payable towards refund of interest	-	-	-	-	-	-
Advance from customers	1,942	1,942	1,942	-	-	-
Interest Accrued but not due	886	886	886	-	-	-
Commitment	7,754	7,754	7,754	-	-	-
Total	1,87,727					

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

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

iii. Liquidity risk (Continued)

March 31, 2020 INR actuals	Contractual cash flows					
	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years
Non-derivative financial assets						
Loans						
Cash and cash equivalents	3,854	3,854	3,854	-	-	-
Loan against Hypothecation of vehicle	33,994	33,994	9,901	8,161	11,066	4,866
Loan against Property	1,64,752	1,64,752	2,850	2,917	6,407	1,52,578
Finance Leases	45,937	45,937	10,677	8,124	13,715	13,421
Trade receivable	660	660	660	-	-	-
Security deposits Premises	34	34	-	-	-	34
Sundry Deposits	49	49	49	-	-	-
Retained Interest on Loan Assigned	563	563	563	-	-	-
Advances to suppliers of goods and services	27	27	27	-	-	-
Loans and advances to employees	7	7	7	-	-	-
Other Advances	2,472	2,472	1,360	-	-	1,112
	2,52,349					
Non-derivative financial liabilities						
Non-convertible unsecured debentures	20,000	20,619	20,619	-	-	-
Term Loans from Banks maturity	1,53,466	1,81,900	37,512	40,318	40,148	63,923
Masala Bond	10,000	596	210	386	-	-
ECB Borrowing from Bank	17,500	8,148	1,120	2,095	3,977	955
Security deposits from lessees	1,249	1,661	57	307	470	828
Cash Credits Facilities	198	198	198	-	-	-
Overdraft facilities	7	7	7	-	-	-
Loans and advances from related party	672	672	672	-	-	-
Trade Payable	2,106	2,106	2,106	-	-	-
Provision for expenses	299	299	299	-	-	-
Lease liabilities	348	348	348	-	-	-
Other Payables to Employees	240	240	240	-	-	-
Payable in respect of loans assigned	83	83	83	-	-	-
Advance from customers	1,505	1,505	1,505	-	-	-
Interest Accrued but not due	1,500	1,500	1,500	-	-	-
Commitment	3,408	3,408	3,408	-	-	-
Total	2,12,581					

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to the financial liabilities.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2021

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

50 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 2021.

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

51 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, 2021	As at March 31, 2020
Borrowings	1,74,137	2,04,593
Gross Debt	1,74,137	2,04,593
Less - Cash and Cash Equivalents	(2,827)	(3,854)
Adjusted Net debt	1,71,310	2,00,739
Total equity	61,861	57,095
Adjusted Net debt to equity ratio	2.77	3.52

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 2021	31 March 2020
Regulatory capital		
i) Tier I Capital (%)	23.04%	19.50%
ii) Tier II Capital (%)	1.56%	0.72%
Total Capital	24.60%	20.22%

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

52 Repayment schedule of long term borrowing :

Loan as on 31 March 2021 are repayable as stated blow

	Interest Rate	1-2 years	2-3 years	3-5 years	Total
Floating					
Monthly	7.00% to 8.45%	12,058	967	-	13,025
Quarterly	5.95% to 8.50%	5,521	2,500	-	8,021
Bullet Payment	5.70% to 7.35%	32,000	-	10,000	42,000
Fixed					
Monthly		-	-	-	-
Quarterly	8.80%	-	-	-	-
Bullet Payment	6.35% to 7.60%	4,000	20,000	20,000	44,000
Total		53,579	23,467	30,000	1,07,046

Loan as on 31 March 2020 are repayable as stated blow

	Interest Rate	1-2 years	2-3 years	3-5 years	Total
Floating					
Monthly	8.10% - 9.60%	16,975	8,725	133	25,833
Quarterly	7.65% - 9.20%	12,917	5,521	2,500	20,938
Bullet Payment	7.25% - 9.06%	-	32,000	-	32,000
Fixed					
Monthly		-	-	-	-
Quarterly	8.80%	2,500	-	-	2,500
Bullet Payment	7.47% - 8.85%	16,000	4,000	10,000	30,000
Total		48,392	50,246	12,633	1,11,271

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

53 Deferred tax

	31-Mar-21					
	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net	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)

	31-Mar-20					
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Lease rentals and tax depreciation	6,431	(1,623)	-	4,808	4,808	-
Provision for non-performing assets/ Expected Credit Losses	763	71	-	836	836	-
Provision for leave encashment & gratuity	64	(28)	-	36	36	-
Maintenance linked reserve	43	(22)	-	21	21	-
Ind AS Adjustments						
Lease rental straight lining	1	0	-	1	1	-
Effective interest rate on borrowings	22	16	-	38	38	-
Effective gain on loan transfer transactions	(247)	-	-	(247)	-	(247)
Effective interest rate on loans and advances	7	3	-	10	10	-
Employee benefits Other Comprehensive Income profit & loss	(32)	(6)	-	(38)	-	(38)
Employee benefits Other Comprehensive Income	32	-	6	38	38	-
Discounting of security deposits paid for premises	(24)	(18)	-	(42)	-	(42)
Discounting of security deposits received from lessees	(7)	(0)	-	(7)	-	(7)
Tax assets (Liabilities)	7,055	(1,607)	6	5,454	5,788	(334)
Net tax assets	7,055	(1,607)	6	5,454	5,788	(334)

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

54 Tax expense

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2021	For the year ended March 31, 2020
	INR	INR
Current income tax	2,918	2,321
Excess Provision for previous years	-	18
	2,918	2,339
Deferred income tax liability / (asset), net		
Increase in deferred tax assets	(1,174)	1,602
Increase in deferred tax liabilities due to Ind AS Adjustments	(31)	5
Deferred tax expense	(1,205)	1,607
Tax expense for the year	1,713	3,946

(b) Amounts recognised in other comprehensive income

	Tax (expense) benefit	Tax (expense) benefit
	INR	INR
Remeasurements of the defined benefit plans	(1)	(6)
	(1)	(6)

(c) Reconciliation of effective tax rate

	For the year ended March 31, 2021	For the year ended March 31, 2020
	INR	INR
Profit before tax	6,477	7,587
Tax using the Company's domestic tax rate 25.168%	1,630	1,910
Reduction in tax rate	-	-
Tax effect of amounts which are not deductible in calculating taxable income:		
Corporate Social Responsibility Expenditure	30	22
Interest expense	(1)	-
Others	0	(0)
Actuarial losses passed through Other Comprehensive Income reclassified to Profit & Loss	-	(6)
Difference in opening balance due Non Convertible Debenture interest	51	-
Difference due to change in tax rates	-	2,013
Difference due to tax audit adjustment	-	(16)
Opening stock difference	4	-
Short provision of tax for earlier years	-	18
	1,714	3,941

The applicable Indian corporate statutory tax rate for the year ended March 31, 2021 and March 31, 2020 is 25.168% . The decrease in the corporate statutory tax rate to 25.168% is consequent to changes made in the Finance Act, 2020.

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2021

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

55 Change in liabilities arising from financing activities

Particulars	1 April 2020	Cash Flows	31 March 2021
Term loan	28,358	-20,311	8,047
ECB Borrowing	-	10,000	10,000
Non Convertible Debenture	22,000	(20,000)	2,000
Loans and advances from related party	672	331	1,003
Lease Liability on principal component	313	(158)	155
Lease liability Interest portion	35	(34)	1
Total	51,378	(30,172)	21,206

Particulars	1 April 2019	Cash Flows	31 March 2020
Term loan	17,582	10,776	28,358
Non Convertible Debenture	22,000	-	22,000
Loans and advances from related party	951	(279)	672
Lease liability on principal component	414	(101)	313
Lease liability Interest portion	38	(3)	35
Total	40,985	10,393	51,378

ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2021

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

56 Public disclosure on liquidity risk

Public disclosure on liquidity risk based on audited financial statement as at 31st March 2021 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	7	1,35,250	NA	75%

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	1,04,083	57%
2	ECB Loan	24,688	14%
3	NCD	20,000	11%
4	Working Capital	14,019	8%
5	Masala Bond	10,000	6%

4) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	Amount	% of Total Liabilities
1	Bank Borrowing	1,18,103	65%

5) Stock Ratios:

Sr. No.	Particulars	NA
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	40%
9	Other Short Term Liabilities to Total Assets	30%

Note : 1) Total liability does not include net worth

2) Other short term liabilities exclude NCD <1 year as considered in point 4 to 6

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.

NA- Not Applicable

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12

25.26) Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (Continued)

	Particulars	31 March 2021 Amount outstanding	31 March 2020 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 2021 Amount outstanding	31 March 2020 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	4
	(c) Other related parties	-	-
	2. Other than related parties	2,20,675	2,45,130
	Total	2,20,678	2,45,134

25 Disclosures required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

25.26) 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 2021		31 March 2020	
	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 2021 Amount	31 March 2020 Amount
(7) Other information			
Gross Non-Performing Assets			
(i) (a) Related parties		-	-
(b) Other than related parties		26,055	15,770
Net Non-Performing Assets			
(ii) (a) Related parties		-	-
(b) Other than related parties		21,054	12,894
(iii) Assets acquired in satisfaction of debt			

Note :

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1989.
- Impairment in financial assets is calculated as per Ind AS 109
- All Accounting Standards and Guidance Notes by The Institute of Chartered Accountant of India are applicable including for valuation of investments and others assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / net asset value in respect of unquoted investments should be disclosed of whether they are classified as long term or current in (4) above.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's registration No. 101248W/W-100022

KAPIL VINODKUMAR GOENKA
Digitally signed by KAPIL VINODKUMAR GOENKA
Date: 2021.06.30 20:44:13 +05'30'

Kapil Goenka

Partner

Membership No: 118189

Mumbai

30 June 2021

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

Sandeep Gambhir
Digitally signed by Sandeep Gambhir
DN: cn=Sandeep Gambhir,
o=ORIX Leasing & Financial Services India Limited,
ou=Infrastructure Services Ltd.,
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Date: 2021.06.30 14:17:16 +05'30'

Sandeep Gambhir

Director

(DIN - 08218888)

VIVEK WADHERA
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Date: 2021.06.30 14:17:16 +05'30'

Vivek Wadhera

CFO

RYOHEI SUZUKI
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Date: 2021.06.30 15:53:10 +05'30'

Ryohei Suzuki

Director

(DIN - 08218888)

SANGHVI MEETA SAGAR
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Meeta Sanghvi

Company Secretary