# ORIX Leasing & Financial Services India Ltd.

**(A Subsidiary of ORIX Auto Infrastructure Services Ltd.)**

# Annual Report
# 2019 - 2020


**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**

## Corporate Information:

### Board of Directors:

| | | | | |
|---|---|---|---|---|
| Mr. Harukazu Yamaguchi | : | DIN 03535391 | : | Director & Chairman |
| Mr. Sandeep Gambhir | : | DIN 00083116 | : | Managing Director |
| Mr. Ryohei Suzuki | : | DIN 08218888 | : | Director |
| Mr. Abhay Kakkar | : | DIN 06659327 | : | Additional Director (Independent Director) |
| Mr. Nagesh Dubey | : | DIN 06967617 | : | Additional Director (Independent Director) |
| Mr. Rajeev Lochan Seth | : | DIN 00111866 | : | Independent Director |
| Mr. Kiyokazu Ishinabe | : | DIN 07763966 | : | Director |
| Ms. Gouri Sawant | : | DIN 07748113 | : | Director |
| Mr. Ikuo Nakamura | : | DIN 08074714 | : | Director |

### Statutory Auditors:

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

### Registered Office:

Plot No. 94, Marol Co-operative Industrial Estate,
Andheri-Kurla Road, Andheri (East),
Mumbai - 400059
Tel: 91 22 67070100
Fax: 91 22 2852 8549
Web: www.orixindia.com
Email: info@orixindia.com
CIN: U74900MH2006PLC163937

### Key Managerial Personnel:

Mr. Sandeep Gambhir - Managing Director

Mr. Vivek Wadhera - Chief Financial Officer

Ms. Meeta Sanghvi - Company Secretary & Compliance Officer

**Bankers:**

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

**Registrar and Share Transfer Agent for Debentures (NCDs):**

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

# DIRECTORS' REPORT

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

Your Directors are pleased to present the Fourteenth Annual Report on the business and operations of your Company together with the audited annual accounts for the financial year ended March 31, 2020.

## (I) Financial Performance:

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

(Rs. in Mn.)

| Particulars | | FY 2019-2020 | FY 2018-2019 |
|---|---|---|---|
| | | | |
| Gross Income | : | 3,480 | 3,203 |
| Profit/(loss) before interest, depreciation and taxation | | 2,817 | 2,491 |
| Financial charges | : | 1,797 | 1,610 |
| Depreciation | | 93 | 81 |
| Profit/(Loss) before Tax | : | 759 | 668 |
| Provision for tax: | : | | |
| Current Tax | : | 232 | 163 |
| Deferred Tax | | 161 | 28 |
| Income Tax relating to previous year | | 1.8 | 6.3 |
| Profit / (Loss) after Tax | : | 364 | 471 |
| Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934 | : | 73 | 87 |
| Balance Carried forward | | 1,328 | 1,037 |

These standalone or separate financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The Company's financial statements upto and for the year ended 31 March 2018 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Act, the Accounting Standards specified under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as "Previous GAAP".

These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS.

**(II) Dividend**:

Your Directors have not recommended payment of dividend for the financial year ended March 31, 2020 since it is proposed to retain the same in the business.

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

The Company continued to show steady growth across all business verticals. While the industry is grappling with some challenges around availability of liquidity and increased cost of borrowing, the Company has been able to maintain an upward trajectory.

The Balance Sheet as at March 31, 2020 stands at INR 26,701mn. This is 3% lower than last year. There was a planned slowdown in the fresh Commercial vehicle disbursements, hence the overall Balance Sheet size has come down. Loan Against Property business grew by 6% to end at INR 16,475mn while the Finance Lease business grew by 8% to end the year at INR 4,594 mn.

The revenue for the year 2019-20 stood at INR 3,480mn which is 8.6% higher than last year. Considering the tough market condition over the year and coupled with COVID 19 hitting the business in Mar-20, the management had adopted a cautious approach towards business. This conservative and cautious approach would continue over the next few quarters as well before the economy comes out of the impact of COVID 19.

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 liquidity position of the Company continued to be comfortable with the sanction of fresh credit lines during the FY 2019-20 from Mizuho Bank, SMBC, Federal Bank, HDFC Bank, ANZ and Bank of America, with 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 20.27% as at March 31, 2020 as against the minimum regulatory requirement of 15% for non-deposit accepting NBFCs.

**(V) Credit Rating:**

The India Ratings & Research Private Limited (FITCH) have assigned ratings vide its letter dated June 12, 2020 for the various facilities availed by the Company, details of which are given below:

| Facility | Rating | Amount (Rs. in mn) |
|---|---|---|
| Short Term | IND A1+ | 9,758 |
| Long Term | IND AAA | 13,739 |
| 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, secured redeemable non-convertible debentures (NCDs) and Masala Bond.

During the year, your Company raised Rs.8,500 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.

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 NCDs are listed on Wholesale Debt Market (WDM) of the National Stock Exchange of India Limited. 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, 2020 to which the financial statements relate and the date of this report.

**(VII) Share Capital:**

(1) Authorised Share Capital: The Authorized Share Capital of the Company is Rs. 1,500,000,000 (One Billion Five 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 Billion, Nine Million, Three Hundred Fifty Nine Thousand Ten) divided into 100,935,901/- (One Hundred Million, Nine Hundred Thirty-five Thousand Nine Hundred One) Equity Shares of Rs.10/- each.

**(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.

**(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) till the conclusion of the fifteenth AGM of the Company. They continue to be the Statutory Auditors of the Company.

The observations made by the Auditors' in their report for the financial year ended March 31, 2020 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, 2020.

(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 November 28, 2019 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 2019 - 20.

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, 2020. 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(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT- 9 is annexed as 'Annexure-B'.

(2) Disclosure as per Section 197(12) of the Companies Act, 2013 pertaining to individuals employed throughout the year and in receipt of remuneration of not less than Rs.1,02,00,000/- ( Rupees One Crore and two lakh) per annum or Rs 8,50,000/- (Rupees Eight lakh and fifty thousand) per month is given in 'Annexure-C.

(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-D'.

(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-E'.

(5) Pursuant to the provisions of Section 134(3) (e), the Company's policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is annexed as 'Annexure-F'.

**(XIII) Corporate Governance:**

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

**(XIV) <u>Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo</u>:**

(1) <u>Conservation of Energy</u>:

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) <u>Technology Absorption:</u>

Not Applicable

(3) <u>Foreign Exchange Earnings and Outgo</u>:

There is foreign exchange outgo of Rs. 183.41 mn during the financial year under review.

**(XV) <u>Details of Subsidiary, Joint Venture or Associate Companies</u>**

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

**(XVI) <u>Directors and Key Managerial Personnel (KMP):</u>**

(1) On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on February 26, 2020, have re-appointed Mr. Nagesh Dubey (DIN: 06967617) and Mr. Abhay Kakkar (DIN 06659327) as Additional Directors (Independent Non-executive Directors) of the Company with effect from March 09, 2020 till the conclusion of the ensuing Annual General Meeting, in terms of Sections 149, 152 and 161 of the Companies Act, 2013 ('the Act') and subject to the approval of the members in the ensuing General Meeting, for appointment as Independent Directors for a term of five consecutive years effective March 09, 2020.

In terms of the RBI Directions applicable to NBFC-ND-SI, as amended from time to time, Mr. Nagesh Dubey (DIN: 06967617) and Mr. Abhay Kakkar (DIN 06659327) fulfils the fit and proper criteria for reappointment as Director of the Company

(2) Mr. Sandeep Gambhir (DIN 00083116), Managing Director, Mr. Vivek Wadhera, Chief Financial Officer and Ms. Meeta Sanghvi (ICSI Membership no. A21168), Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company.

## (XVII) Retire by Rotation :

In accordance with Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Harukazu Yamaguchi (DIN 03535391) will retire 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.

## (XVIII) 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. 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.

## (XIX) Risk Management and Portfolio quality:

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

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

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

The risk function is also supervised by the Audit Committee of the Board from time to time. The Risk Committee reviews the asset quality and product policy programs and the same are duly approved before any new product launches and are reviewed regularly. The asset quality of the Company continues to remain healthy. The ratio of gross non-performing assets to gross advances and net non -performing assets to net advances as of March 31, 2020 stood at 5.52% and 5.23% 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.

**(XX) Vigil Mechanism:**

The Company has adopted Whistle Blower Policy (Vigil Mechanism policy) with a view to provide a mechanism for directors and employees of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) and (10) of the Companies Act, 2013. The functioning of Vigil Mechanism is reviewed by the Audit Committee from time to time. The Policy has been uploaded on the website at the link https://www.orixindia.com/pdf/OLFS-policy/corporate-governance/policy/Whistleblower-OLFS.pdf

The Company conducts regular workshops and training sessions to inform and educate the employees about Whistle Blower Policy. During the year 2019-2020 there were three complaints reported 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.

**(XXI) 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, healthcare, education. Environment sustainability and for benefits to armed forces widows and their dependents. These projects are in accordance with Schedule VII of the Companies Act, 2013.

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

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

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

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

## (XXII) 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
(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.

**(XXIII) 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.

**(XXIV) 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.

**(XXV) 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 thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there was no sexual harassment cases reported to the Company. Internal Committees under Prevention of Sexual Harassment Act were constituted across locations of the Company.

**(XXVI) 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.

**(XXVII) 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(3) (c) of the Companies Act, 2013:

(1) that in preparation of the annual accounts for the financial year ended March 31, 2020, 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, 2020 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 the internal audit team 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.

**(XXVIII) Frauds reported by the Auditor**

No fraud has been reported by the Auditors under sub-section (12) of section 143.

**(XXIX) 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.

**(XXX) Management Discussion and Analysis for F.Y:2019- 2020:**

Management Discussion and Analysis Report is as under:

(1) Industry Structure and Developments – The Company maintained a steady growth trajectory from April-2019 to February- 2020, before the impact of COVID 19 in March 2020. With an enviable client list in the Finance lease business and steadily growing Loan against Property book, despite the environmental challenges, the Company has done well. COVID 19 has had a significant impact across industries and the business of the Company has also been impacted. With the GDP forecasts looking gloomy, there would be some impact on the new originations and retail asset quality in the coming quarters. 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 will get impacted. On the Finance lease side, FY 2019-2020 has been strong but with COVID 19, the car sales in April-June 2020 have not been encouraging and that might impact the future business. The collections in this business has been very good over the last year and post COVID also and that's a strong validation of the credit worthiness of the clients.

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

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

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

(3) Threats - 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 |
|---|---|---|---|---|---|---|
| Disbursement | 98 | 916 | 3,231 | 7,338 | 9,158 | 4,385 |
| Balance Sheet Size | 98 | 949 | 3,538 | 9,821 | 15,539 | 16,475 |
| Revenue | 1 | 61 | 236 | 758 | 1,551 | 1,977 |

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

| | | | | | | |
|---|---|---|---|---|---|---|
| Revenue | 352 | 412 | 460 | 445 | 528 | 656 |

| CV | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| 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 |
| Revenue | 199 | 366 | 543 | 687 | 881 | 624 |

*Note: From FY: 2015 to FY 2018 number are as per IGAAP and from FY 2019 to FY 2020 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 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:

As on March 31, 2020 there were 204 employees on the rolls of your Company. Listed below are some of key initiatives on development of Human Resources front :

(a) **Training and Development:** Provision of a variety of Training & Development opportunities in FY. 2019-2020 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.

(b) **Star Awards Program**: The Company continued with Star Awards Program quarterly for recognition of performance excellence and to instill 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.

(c) **Employee Engagement and Welfare:** 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 conduct several of these activities in the form of festival celebrations, fun contests, mindfulness activities, and outdoor picnics, etc. There were several welfare activities conducted to help build comfort and pride in the environment-

- Health camps by hospitals and Yoga days
- Medical insurance for self and family and distress situation support
- Term insurance – Critical illness and Accident

(d) **OMG – ORIX Mentorship Program:** The ORIX Mentorship Program or OMG was started 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 pertaining to their career aspirations over a defined period of time. The said program helped in integrating expert knowledge transfer through ongoing sessions and assessments to help build leaders of tomorrow for the company.

(e) **OSE – ORIX Skill Exchange (To facilitate give & take):** This practice was introduced for peer-to-peer training sessions. The program has offered new skills and knowledge exchange from colleagues within the organization. This program has improved the expertise of participants. It has created an inspiring positive influence, spurring others on, encouraging greater productivity, and helped create an agile workforce.

(f) **Coach / Coachee – "Guru Kool" involving Guiding Hands & Learning Hands :** This program was introduced with the aim to facilitate organisation's value of inspiring the employees to get engaged, learn and exchange their thoughts with the senior leaders at the decision-making level in a one on one session.

Essentially, the program works as a platform for the employees to gain new skills at the workplace and is helping tremendously in building their own pride and satisfaction at the workplace by directly in session with the senior leaders.

(g) **IAM ORIX 2.0:** A program launched by the Managing Director to encourage ideation and innovation across hierarchies. The ideas and suggestions and inputs were invited for new business opportunities, process improvements, and better ways of doing the same thing, Ideas and suggestions from all levels for improvement of processes, revenues are encouraged and rewarded. IDEAS to MD is one such mailbox were all suggestions from received by MD himself along with his task force. The same was revitalized as IAMORIX2.0 subsequently where employees contribute and get recognized for their suggestions.

(h) **Coffee with Sandeep :** To inspire open conversations and have a direct connection, sessions over Coffee with the Managing Director (skip-level meetings) were offered to provide employees channels to speak up. The Managing Director made himself accessible for dedicated sessions, where employees can feel free to share their perspective on the business or environment.

(i) **Investment in Infrastructure:** The Company makes every effort in creating and providing a clean and hygienic infrastructure environment and facilities to drive positivity. This also included recreation facilities where employees can play games to refresh, work on their fitness, or simply relax during free moments.

**(XXXI)** <u>**General**</u>:

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

(1) Issue of equity shares with differential rights as to dividend, voting or otherwise.

(2) Issue of shares (including sweat equity shares) to employees of the Company.

(3) 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) There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2020) and the date of the Report.

**(XXXII) 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**

SANDEEP GAMBHIR

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Date: 2020.07.07 19:39:01 +05'30'

RYOHEI SUZUKI

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Date: 2020.07.07 19:46:42 +05'30'

**Sandeep Gambhir**
**Managing Director**
**DIN No.:00083116**

**Ryohei Suzuki**
**Director**
**DIN No.: 08218888**

Place: Mumbai
Date: July 07, 2020

**FORM NO. MR-3**
**SECRETARIAL AUDIT REPORT**
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020**
[*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 2020 (the "audit period").

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 copy of various records, scanned copies of minutes of Board and Committees and Statutory Registers, forms and returns filed and other records sent over mail and maintained by the Company;
(ii) Compliance certificates confirming compliance with all laws applicable to the Company given by the Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
(iii) Representations made, documents shown 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 2020, the Company has:

(i) Complied with the statutory provisions listed hereunder; and
(ii) Board processes and compliance mechanism 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


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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 client;

(vi) Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards).

(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 Secretarial Standards as mentioned above.

(ii) Generally complied with the applicable provisions / clauses of:



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

(ii) The Secretarial Standard on General Meetings (SS-2) in respect of the 13th Annual General Meeting held on 27th June 2019.
(d) During the year under review, the Company had received three complaints against few employees of the Company under the Whistle Blower Policy of the Company for mis-conduct in their employment /violation of Company's Policy. As on March 31, 2020, the investigation of all complaints had been completed and reported to the Audit Committee of the Company. The Audit Committee and the Board of Directors of the Company had been periodically informed on the status of the investigation and the outcome of the complaints. The status is all three complaints are resolved and matter is closed . However , in case any such complaint arise in future , for its quick resolution as well as system improvement the Company has sought Labour Law Expert opinion, which is awaited.

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) <u>The following Regulations and Guidelines prescribed under the SEBI Act:-</u>

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;


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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 2020 comprised of:

(i) A Managing Director;
(ii) Five Non-Executive Non-Independent Directors; and
(iii) Three Non-Executive Independent Directors (includes two additional directors (Independent), Mr. Nagesh Dubey (DIN:- 06967617) and Mr. Abhay Kakkar (DIN:- 06659327), re-appointed as an Additional Director (Non-Executive Independent) by the Board of Directors of the Company at its meeting dated 26th February 2020 with effect from 09th March 2020 for the second term of five years, subject to the approval of the Shareholders at the ensuing General Meeting.

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) Re-appointment of Mr. Kiyokazu Ishinabe (DIN:- 07763966) as a director liable to retire by rotation and re-appointed at 13th Annual General Meeting held on 27th June 2019.
(ii) Mr. Ryohei Suzuki (DIN:- 08218888), who was appointed as an Additional Director (Non-Executive Non-Independent) by the Board of Directors on 19th September 2018, the same was regularised at the 13th Annual General Meeting held on 27th June 2019.
(iii) Re-appointment of Mr. Nagesh Dubey (DIN:- 06967617) and Mr. Abhay Kakkar (DIN:- 06659327) as an Additional Directors (Non-Executive Independent Directors) by the Board of Directors of the Company at its meeting dated 26th February 2020, subject to the approval of the Shareholders at the ensuing General Meeting.

2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meeting, except for one meeting which was convened at a shorter notice to transact urgent business.

2.4 Notice of the Board meetings was sent to the directors at least seven days in advance except for the one meeting convened at a shorter notice, at which more than one independent director was present as required under Section 173 (3) of the Act and SS-1.


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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 one meeting convened at a 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 meeting.

2.8 We note from the minutes verified that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and
(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recoded as part of the minutes.

3. Compliance Mechanism

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

4. Specific events / actions

During the year under review, the Company redeemed 3,200 Non-Convertible Debentures, aggregating to an amount of Rs. 320 Crore, in various tranches on their respective maturity date/s.

Venkataraman Krishnan Digitally signed by Venkataraman Krishnan Date: 2020.07.07 13:24:49 +05'30'

**Venkataraman Krishnan**
**Associate Partner**
**ACS No.:-8897/ COP No.:- 12459**
**For BNP & Associates**
**Company Secretaries**
**[Firm Regn. No. P2014MH037400]**
**[PR No.:-637 / 2019]**
**UDIN:- A008897B000420981**

**Place:- Mumbai**
**Date:- 07.07.2020**



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**Annexure A to the Secretarial Audit Report for the financial year ended 31st March 2020**

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 also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides 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.

Venkatarama n Krishnan

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Date: 2020.07.07 13:27:02 +05'30'

**Venkataraman Krishnan**
**Associate Partner**
**ACS No.:-8897/ COP No.:- 12459**
**For BNP & Associates**
**Company Secretaries**
**[Firm Regn. No. P2014MH037400]**
**[PR No.:-637 / 2019]**
**UDIN:- A008897B000420981**

**Place:- Mumbai**
**Date:- 07.07.2020**



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**Annexure - B**

**FORM NO. MGT 9**
**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2020**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

## I. Registration & Other details:

| | | |
|---|---|---|
| (1) | CIN | U74900MH2006PLC163937 |
| (2) | Registration Date | August 21, 2006 |
| (3) | Name of the Company | **ORIX Leasing & Financial Services India Limited** |
| (4) | Category/Sub-category of the Company | Company limited by shares (Public Limited)<br>Indian Non- Government company<br>(Non-Deposit Taking -Non-Banking Financial Company) |
| (5) | Address of the Registered office & contact details | Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai – 400059;<br>Tel.: +91 (22)6707 0100; Fax: +91 22 2852 8549;<br>Email: info@orixindia.com; Website: www.orixindia.com |
| (6) | Whether listed company | Equity Shares not listed, however, Non-Convertible Debentures are listed on National Stock Exchange of India Limited |
| (7) | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited<br>C-101, 24/7, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083<br>Toll free no. (India): 1800 1020 878<br>Telephone: 022 - 4918 6270<br>Fax: 022 - 4918 6060<br>email: rnt.helpdesk@linkintime.co.in<br>Website: https://www.linkintime.co.in |

## II. Principal Business Activities of the Company:

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| (1) | Non-Banking Financial Services (Lending) | 649 | 100 |

## III. Particulars of Holding, Subsidiary and Associate Companies:

| Sr.No. | Name & Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| (1) | ORIX Auto Infrastructure Services Ltd. Add: Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai – 400059; | U63032MH1995PLC086014 | Holding | 100 | 2(46) |

IV. **Share Holding Pattern (Equity Share Capital breakup as percentage of total equity):**

## A. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| (1) **Indian** | | | | | | | | | |
| (a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| (b) Central Govt | - | - | - | - | - | - | - | - | - |
| (c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| (d) Bodies Corp.: ORIX Auto Infrastructure Services Ltd. (OAIS) | 100,935,831 | 0 | 100,935,831 | 100 | 100,935,831 | 0 | 100,935,831 | 100 | 0 |
| (e) Banks / FI | - | - | - | - | - | - | - | - | |
| (f) Any other | - | - | - | - | - | - | - | - | |
| **Sub Total A(1)** | **100,935,831** | **0** | **100,935,831** | **100** | **100,935,831** | **0** | **100,935,831** | **100** | **-** |
| (2) **Foreign** | | | | | | | | | |
| (a) Individual (NRIs /Foreign Individuals) | - | - | - | - | - | - | - | - | - |
| (b) Other Individuals | - | - | - | - | - | - | - | - | - |
| (c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (d) Banks / FI | - | - | - | - | - | - | - | - | - |
| (e) Any other | - | - | - | - | - | - | - | - | - |
| Sub total A(2) | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A)** | **100,935,831** | **0** | **100,935,831** | **100** | **100,935,831** | **0** | **100,935,831** | **100** | **-** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| (a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| (b) Banks / FI | - | - | - | - | - | - | - | - | - |
| (c) Central Govt | - | - | - | - | - | - | - | - | - |
| (d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| (e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| (g) FIIs | - | - | - | - | - | - | - | - | - |
| (h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (i) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **2. Non-Institutions** | | | | | | | | | |
| (a) Bodies Corp. | | | | | | | | | |
| (i). Indian | | | | | | | | | |
| (ii). Overseas | | | | | | | | | |
| (b) Individuals | | | | | | | | | |
| (i). Individual shareholders holding nominal share capital upto Rs. 1 lakh | 70 | - | 70 | 0.000 | 70 | - | 70 | 0.000 | - |
| (ii). Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| (c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | - | - | - | - | - | - | - |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(2):-** | **70** | **-** | **70** | **0.000** | **70** | **-** | **70** | **0.000** | **-** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | 100,935,901 | **-** | **70** | **0.000** | **70** | **-** | **70** | **0.000** | **-** |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | **100,935,901** | **-** | **100,935,901** | **100** | **100,935,901** | **-** | **100,935,901** | **100** | **0** |

## B. Shareholding of Promoter :

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | ORIX Auto Infrastructure Services Limited | 100,935,831 | 100 | Nil | 100,935,831 | 100 | Nil | 0 |

**C. Change in Promoters' Shareholding**

| SN | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | At the beginning of the year | 100,935,831 | 100 | 100,935,831 | 100 |
| | **Addition -** | - | - | - | - |
| | At the end of the year | 100,935,831 | 100 | 100,935,831 | 100 |

**D. Shareholding Pattern of top ten Shareholders: None**
**(Other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable**

| SN | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the end of the year | | | | |

E. **Shareholding of Directors and Key Managerial Personnel:**

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | **Mr. Sandeep Gambhir jointly with ORIX Auto Infrastructure Services Ltd** | | | | |
| | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | - | - | - | - |
| | At the end of the year | 10 | 0.00 | 10 | 0.00 |
| 2. | **Mr. Vivek Wadhera jointly with ORIX Auto Infrastructure Services Ltd** | | | | |
| | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | - | - | - | - |
| | At the end of the year | 10 | 0.00 | 10 | 0.00 |

## V. Indebtedness -Indebtedness of the Company including interest outstanding/accrued but not due for pay

(Amount in Rs.)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 6,22,35,91,779.00 | 14,85,12,56,978.00 | - | 21,07,48,48,757.00 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | 25,72,88,906.00 | 4,00,73,844.00 | - | 29,73,62,750.00 |
| **Total (i+ii+iii)** | **6,48,08,80,685.00** | **14,89,13,30,822.00** | **-** | **21,37,22,11,507.00** |
| | | | | |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | 216.00 | 10,92,03,78,448.00 | - | 10,92,03,78,664.00 |
| * Reduction | (4,36,86,59,023.00) | (7,58,95,38,790.00) | - | (11,95,81,97,813.00) |
| **Net Change** | **(4,36,86,58,807.00)** | **3,33,08,39,658.00** | **-** | **(1,03,78,19,149.00 )** |

| | | | | |
|---|---|---|---|---|
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 2,01,98,10,809.00 | 18,16,45,85,450.00 | - | 20,18,43,96,259.00 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | 9,24,11,068.00 | 5,75,85,030.00 | - | 14,99,96,098.00 |
| **Total (i+ii+iii)** | **2,11,22,21,877.00** | **18,22,21,70,480.00** | **-** | **20,33,43,92,357.00** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| SN. | Particulars of Remuneration | Name of Managing Director | Total Amount |
|---|---|---|---|
| | | **Mr. Sandeep Gambhir** | |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 0 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | 0 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | 0 |

| | | | |
|---|---|---|---|
| 2 | Stock Option | - | |
| 3 | Sweat Equity | - | |
| 4 | Commission<br>- as % of profit<br>- others, specify… | - | |
| 5 | Others, please specify | - | |
| | **Total (A)** | **-** | **0** |
| | Ceiling as per the Companies Act, 2013 | Not Applicable | |

**B. Remuneration to Other Directors**

| SN. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---|---|---|---|---|---|
| 1 | Independent Directors | Mr. Nagesh Dubey | Mr. Abhay Kakkar | Mr. Rajeev Seth Lochan | |
| | Fee for attending Board and Committee meetings | 3,40,000 | 4,00,000 | 2,00,000 | 9,40,000 |
| | Commission | | | | |
| | Others, please specify | | | | |
| | Total (1) | 3,40,000 | 4,00,000 | 2,00,000 | 9,40,000 |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 2 | Other Non-Executive Directors | Not Applicable | | | |
| | Fee for attending board committee meetings | | | | |
| | Commission | | | | |
| | Others, please specify | | | | |
| | Total (2) | | | | |
| | Total (B)=(1+2) | | | | |
| | Total Managerial Remuneration | 9,40,000/- | | | |
| | Overall Ceiling as per the Act | Overall Ceiling as per the Companies Act, 2013 for sitting fees is Rupees One Lakh per Board Meeting or a Committee Meeting thereof. The total Managerial Remuneration is within the ceiling prescribed. | | | |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| **Sr No.** | **Particulars of Remuneration** | **Key Managerial Personnel** | | |
|---|---|---|---|---|
| | | **Company Secretary (Ms. Meeta Sanghvi)** | **CFO (Mr. Vivek Wadhera)** | **Total** |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 17,58,481.00 | - | 17,58,481.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |

| | | | | |
|---|---|---|---|---|
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | Others, specify… | | - | - |
| 5 | Others, please specify | - | - | - |
| | **Total** | 17,58,481.00 | - | 17,58,481.00 |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -

There were no penalties / punishment for the year ended March 31, 2020.

**Annexure-C**

**Disclosures in terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

| **Name of the Employee and 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 | 11,636,895/- | Full Time Employment | B.E., PGDBM, 24 Years of Experience | 04-04-2014 | 47 | Indiabulls Housing Finance Ltd | Nil | Nil |

**<u>Annexure-D</u>**

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

(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 2019-2020. There was 9% increase in remuneration of Company Secretary in the said Financial Year.

(3) During the year under review, there was 4% increase in the median remuneration of the employees of your Company.

(4) As on March 31, 2020 there were 204 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 depending on individual and business unit performance.

(6) The key parameters for variable compensation for directors are growth in volume of the Business of the Company, profit growth, portfolio quality, and enhancement of customer base over the previous year.

(7) It is affirmed that the remuneration paid is as per the Remuneration Policy adopted by the Company.

**Annexure-E**

**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 | ORIX Corporation, Japan -Ultimate holding Company<br>ORIX Auto Infrastructure Services Limited - Holding company |
| (b) | Nature of contracts/arrangements/transactions | Normal business transactions (Mentioned in the notes forming part of the financial statements at Note no. 37). |
| (c) | Amount | As mentioned in the notes forming part of the financial statements at Note no. 37. |
| (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. 37. |
| (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.*

**Annexure-F**

**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.

(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) <u>Evaluation of Director, KMP and SMP:</u>**

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) <u>Retirement:</u>**

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) <u>Removal</u>:**

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 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.

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

**Annexure – G**

## 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 which was approved by the Board of Directors in their meeting held on November 9, 2016

During the year under review, Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information was approved and implemented.

(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 2019 – 20 were held on, May 27, 2019, September 24, 2019, November 28, 2019 and February 26, 2020. The time gap between any two meetings was less than 120 days and at least one meeting was held in every quarter.

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. One of the Non-Executive Director is woman. 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.

The details of attendance of the Board of Directors as at March 31, 2020 are as under:

| **Sr.No.** | **Name of Director** | **No. of Board Meetings Attended** | **Last AGM Attended** |
|---|---|---|---|
| (1) | Mr. Harukazu Yamaguchi, Director and Chairman | 1 | No |
| | | | |
| (2) | Mr. Sandeep Gambhir, Managing Director | 4 | No |
| | | | |
| (3) | Mr. Ryohei Suzuki, Director | 4 | No |
| | | | |
| (4) | Mr. Kiyokazu Ishinabe, Director | 4 | No |
| | | | |
| (5) | Mr. Abhay Kakkar, Additional Director (Independent) | 4 | No |
| | | | |
| (6) | Mr. Nagesh Dubey, Additional Director (Independent) | 4 | Yes |
| | | | |
| (7) | Mr. Ikuo Nakamura, Director | 1 | No |
| | | | |
| (8) | Mr. Rajeev Lochan Seth, Independent Director | 4 | No |
| | | | |
| (9) | Ms. Gouri Sawant ,Woman Director | 4 | Yes |
| | | | |

(III) Committees of the Board of Directors:

(1) Composition:

| **Sr. No.** | **Name of the Committee** | **Composition of the Committee** |
|---|---|---|
| | | |
| (a) | Audit Committee | Mr. Nagesh Dubey –Chairman |
| | | Mr. Kiyokazu Ishinabe |
| | | Mr. Abhay Kakkar |
| | | |
| (b) | Nomination and Remuneration Committee (NRC) | Mr. Kiyokazu Ishinabe- Chairman |
| | | Mr. Abhay Kakkar |
| | | Mr. Nagesh Dubey |
| | | |
| (c) | Treasury and Asset Liability Management Committee | Mr. Kiyokazu Ishinabe- Chairman |
| | | Mr. Sandeep Gambhir |
| | | Mr. Ryohei Suzuki |
| | | |
| (d) | Executive Committee | Mr. Kiyokazu Ishinabe |

| | | |
|---|---|---|
| | | Mr. Sandeep Gambhir |
| | | Mr. Ryohei Suzuki |
| | | |

| | | |
|---|---|---|
| (e) | Risk Management Committee | Mr. Kiyokazu Ishinabe- Chairman |
| | | Mr. Sandeep Gambhir |
| | | Mr. Ryohei Suzuki |
| | | |
| (f) | Residual Value Committee | Mr. Kiyokazu Ishinabe- Chairman |
| | | Mr. Sandeep Gambhir |
| | | Mr. Ryohei Suzuki |
| | | |
| (g) | Credit Committee | Mr. Kiyokazu Ishinabe |
| | | Mr. Sandeep Gambhir |
| | | Mr. Ryohei Suzuki |
| | | |
| (h) | Corporate Social Responsibility (CSR) Committee | Mr. Kiyokazu Ishinabe - Chairman |
| | | Mr. Sandeep Gambhir |
| | | Mr. Abhay Kakkar |
| | | |
| (i) | Allocation and Allotment Committee | Mr. Kiyokazu Ishinabe |
| | | Mr. Sandeep Gambhir |
| | | Mr. Nagesh Dubey |
| | | Mr. Abhay Kakkar |
| | | Mr. Ryohei Suzuki |
| | | |
| (j) | IT Strategy Committee | Mr. Abhay Kakkar (Chiarman) |
| | | Mr. Gurpreet Singh Saluja |
| | | Mr. Gaurav Bhatia |
| | | Mr. Sandeep Gambhir |
| | | Mr. Vivek Wadhera |
| | | Mr. Jay Gandhi |
| | | Mr. Rominder Singh |
| | | Mr. Sandeep Sinha |
| | | Mr. Dipankar Sen |
| | | |
| (k) | IT Steering Committe | Mr. Abhay Kakkar (Chiarman) |
| | | Mr. Gurpreet Singh Saluja |
| | | Mr. Gaurav Bhatia |
| | | Mr. Sandeep Gambhir |
| | | Mr. Vivek Wadhera |
| | | Mr. Jay Gandhi |
| | | Mr. Rominder Singh |
| | | Mr. Sandeep Sinha |
| | | Mr. Dipankar Sen |
| | | |

(2) Powers of the Committees:

(a) **Audit Committee**: The key responsibilities of the Committee are:

(I) 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;

(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;

(II) <u>Auditor (External Auditor) :</u>

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 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 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.

(III) <u>Internal Control :</u>

(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

(IV) 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 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.

(V) 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 following:

(a) discussion of any major issues which arose during the audit; and

(b) review Tax Audit Report

(VI) 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

(VII) 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 Blower Policy and / or Vigil Mechanism

(VIII) Litigation Review:

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

(b) **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) Identifying persons who are qualified to become Key Managerial Personnel and recommendation to the Board for their appointment and/or removal;

(5) Formulate the Policy and recommend to the Board of Directors relating to the remuneration for the Directors and Key Managerial Personnel;

(6) Formulate the Policy relating to the appointment and remuneration of Senior Management Personnel; and

(7) Ensure fit and proper criteria of Directors.

(c) **<u>Treasury and Asset Liability Management Committee</u>**: The key responsibilities of the Committee are:

(1) Pricing of products for both deposits and advances;

(2) Fixing of desired maturity profile and mix of the incremental assets and liabilities;

(3) Collecting information about the prevailing interest rates offered by other peer NBFC for the similar services/products;

(4) Reviewing the results and progress in implementation of the decisions made in the previous meeting;

(5) To articulate the current interest rate view

(6) 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

(7) 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

(8) 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.

(9) 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.

(d) **<u>Executive Committee</u>**: The key responsibilities of the Committee are:

(1) To note waiver of income/reversals approved by Chairman and Director

(2) To consider and approve opening of New Bank Accounts (Current Account / Cash Credit Account / Over Draft 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.

(3) To review Principal and Agency Agreement approved by Chairman and Director.

(4) To approve general expenditure (for single purpose) over Rs.10 mn.

(5) To consider and approve closure of Bank Accounts.

(e) **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); and

(4) Risk reporting – Keeping the Board informed at regular intervals of credit, market and operational Risk Profile of the Company.

(5) To lay down internal Rules, Policies, Processes and Regulations with regard to Credit and delegate it to the executives of the Company.

(f) **Residual Value Committee**: The key responsibilities of the Committee are:

(1) Setting up of Residual Value Policy;

(2) Setting up / alteration of Residual Value of Vehicles and Maintenance budget of Vehicles (Per KM Maintenance Cost);

(3) Delegate powers of the Committee to the Executives of the Company with regard to reduction in Residual Value and Per KM Maintenance Cost of the Vehicles within the limits as approved by the Committee; and

(4) Approve Residual Value for leasing of Commercial Vehicle.

(g) **Credit Committee:** The Committee is entrusted with the powers of the Board of Directors with regard to approval of Credit Proposals of various finance businesses of the Company. All the approvals are obtained through electronic process i.e. system by virtue of Approval Matrix of the Company.

(h) **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) Recommend the CSR expenditure to the Board for approval.

(5) Meet on half yearly basis to review the progress made, or at such intervals periods and may be required by the Company.

(i) **<u>Allocation and Allotment Committee</u>**: The key responsibilities of the Committee are:

(1) To allocate shares, debentures and other securities not exceeding the amount of issue approved by the Board of Directors of the Company from time to time;

(2) To approve allotment of securities from time to time;

(3) To affix or authorize affixation of Common Seal of the Company on the security certificates of the company; and

(4) To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

(j) **<u>IT Strategy Committee</u>**:

(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;

(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.

**(k) <u>IT Steering Committee:</u>**

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

- Priority setting,
- Resource Allocation and
- 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) Attendance of the Committees of Directors:

| **Committees** | Audit | Nomination & Remuneration Committee | Treasury & Asset Liability Committee | Residual Value Committee | Risk Management Committee | Corporate Social Responsibility | IT Strategy | IT Steering | *Allocation and Allotment Committee | *Executive Committee | *Credit Committee |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **No of Meetings** | **5** | **2** | **9** | **1** | **1** | **1** | **1** | **1** | **0** | **0** | **0** |
| **Name of Member** | | | | | | | | | | | |
| Mr. Nagesh Dubey | 5 | 2 | NA | NA | NA | NA | NA | NA | 0 | NA | NA |
| Mr. Abhay Kakkar | 5 | 2 | NA | NA | NA | 1 | 1 | 1 | 0 | NA | NA |
| Mr. Sandeep Gambhir | NA | NA | 9 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 |
| Mr. Kiyokazu Ishinabe | 4 | 1 | 3 | 1 | - | - | NA | NA | 0 | 0 | 0 |
| Mr. Ryohei Suzuki | NA | NA | 9 | 1 | 1 | NA | NA | NA | 0 | 0 | 0 |
| Mr. Vivek Wadhera | NA | NA | NA | NA | NA | NA | - | - | NA | NA | NA |
| Mr. Gurpreet Singh | NA | NA | NA | NA | NA | NA | 1 | 1 | NA | NA | NA |
| Mr. Sandeep Sinha | NA | NA | NA | NA | NA | NA | 1 | 1 | NA | NA | NA |
| Mr. Dipankar Sen | NA | NA | NA | NA | NA | NA | 1 | 1 | NA | NA | NA |
| Mr. Rominder Singh | NA | NA | NA | NA | NA | NA | - | - | NA | NA | NA |
| Mr. Jay Gandhi | NA | NA | NA | NA | NA | NA | 1 | 1 | NA | NA | NA |
| Mr. Gaurav Bhatia | NA | NA | NA | NA | NA | NA | 1 | 1 | NA | NA | NA |

* 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 16, 2020 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:

(a) 'Peer Review' form given by the directors, rating performance of all other Directors.

(b) 'Committee Evaluation' form given by the NRC, rating performance of individual committees.

(c) 'Board Assessment' form given by NRC, rating performance of the Board as a whole.

The questionnaires were reviewed in the below manner:

(a) 'Peer Review' were reviewed by the NRC and placed before the Board for their noting.

(b) 'Committee Evaluation' and 'Board Assessment' were reviewed by the NRC and placed before the Board for their noting.

Further, the Independent Directors of the Company, at their separate meeting had reviewed the performance of Non-Independent (Non-Executive) Directors on the questionnaires pertaining to 'Peer Review' and 'Board Assessment'.

(VI) General Meetings:

| Meeting | Date and Time | Venue | Resolutions passed |
|---|---|---|---|
| | | | |
| 13th – Annual General Meeting | June 27, 2019 | Mumbai | (1) Adoption of Audited Accounts for the FY 2018-2019 along with the, Director's Report and Auditor's Report;<br>(2) Re-appointment of Mr. Kiyokazu Ishinabe (DIN 07763966) as Director liable to retire by rotation;<br>(3) Re-appointment of statutory Auditors;<br>**Special Business:**<br>(4) Appointment of Mr. Ryohei Suzuki (DIN 08218888) as Director; |

(VII) Shareholding pattern as at March 31, 2020:

| 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** |

(VIII) Contracts or arrangements with Related Parties:

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, which 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.

The said policy has been displayed on the website of the Company at https://www.orixindia.com/pdf/OLFS-policy/corporate-governance/policy/Related%20Party%20Transaction%20Policy.pdf

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

Annexure-H

## 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. 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) The Composition of the CSR Committee:

Mr. Kiyokazu Ishinabe - Director
Mr. Sandeep Gambhir –Managing Director
Mr. Abhay Kakkar – Additional Director (Independent Director)

(3) Average net profit of the company for last three financial years: Rs. **441,374,563**, 2016-2017, 2017-2018 and 2018-2019)

(4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) –**Rs. 8,827,492/-**

(5) Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year - **Rs. 8,827,492/--**

(b) Amount unspent, if any - None

(c) **Manner in which the amount spent during the financial year is detailed below :**

| Sr. No. | CSR project or activity identified | Sector | Location | Amount outlay (budget) Project Wise (Amount in Rs.) | Amount spent on the projects or programs Direct expenditure on projects or programs Overheads | Cumulative expenditure upto the reporting period (Amount in Rs.) | Amount spent through implementing agency* |
|---|---|---|---|---|---|---|---|
| (1) | Payment of college and Hostel Fees for leprosy affected and below poverty line students at Rising Star Outreach of India | Promoting education | Kanchipuram District, Tamil Nadu | 2,50,000 | Direct expenditure on project | 2,50,000 | Implementing Agency (Rising Star Outreach of India) |
| (2) | Coaching program for persons with disabilities at Matrumilan Vikas Kendra. | Promoting Education and employment enhancing vocation skills. | Nerul, Navi Mumbai | 5,00,000 | Direct expenditure on project | 5,00,000 | Implementing Agency (Sujaya Foundation) |
| (3) | Jan Mitra Nyas-Varanasi for reduction in maternal, infant and child deaths, creation of health care centres and complete care of children in the age group of 0-18 years | Promoting Health care including preventive health care and sanitation | Varanasi | 20,00,000 | Direct expenditure on program | 20,00,000 | Implementing Agency (Child Rights and You) |
| (4) | Sponsor ‘Sets of Benches & Desks’ for residential tribal school situated at Anudanit Ashramshala Zapwadi, Murbad Taluka, Dist. Thane, Maharashtra. | Promoting Education | Zapwadi, Murbad Taluka, Dist. Thane,. | 5,00,000 | Direct expenditure on program | 5,00,000 | Implementing Agency (Social Upliftment and Development for Health Action) |
| (5) | Supporting dialysis patients by utilising CSR funds for carrying out dialysis at their hospital | Promoting Health care. | Kandivali, Mumbai. | 13,00,000 | Direct expenditure on project | 13,00,000 | Implementing Agency (Shree Kandivali |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | located Kandivali, Mumbai. | | | | | | Hithwardhak Mandal ) |
| (6) | Helping many Underprivileged students for their Education at the school located at Kandivali, Mumbai. | Promoting Education | Kandivali , Mumbai | 5,00,000 | Direct expenditure on project | 5,00,000 | Implementing Agency (Shiksha Foundation) |
| (7) | Bringing holistic Food and nutrition to underprivileged children fighting cancer through their hospitals located at Chennai, Lucknow and Mumbai | Promoting Health care | Chennai, Lucknow and Mumbai | 7,17,000 | Direct expenditure on project | 7,17,000 | Implementing Agency (Cuddles Foundation) |
| (8) | Purchase of furniture and Purchase of Surveillance Equipments, Mumbai | Promoting Education | Mumbai | 5,00,000 | Direct expenditure on project | 5,00,000 | Implementing Agency (Aseema Charitable Trust) |
| (9) | Purchase of Medical Equipments for cancer patients and financial aid for treatment of children with Cancer | Promoting Health Care including Preventive Health Care. | Mumbai | 25,60,492 | Direct expenditure on project | 25,60,492 | Implementing Agency (Tata Memorial Centre) |
| Total | | | | **88,27,492** | | **88,27,492** | |

SANDEEP GAMBHIR

Digitally signed by SANDEEP GAMBHIR
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Date: 2020.07.07 19:42:19 +05'30'

**Mr. Sandeep Gambhir**
**Managing Director**
**DIN:00083116**

RYOHEI SUZUKI

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Date: 2020.07.07 19:48:04 +05'30'

**Mr. Ryohei Suzuki**
**Director**
**DIN: 08218888**

B S R & Co. LLP
Chartered Accountants

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N. M. Joshi Marg, Mahalaxmi
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India

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# 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 2020, 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 ("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 2020, and 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 described in Note 45 to the financial statements, in respect of accounts overdue but standard as 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 at 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 48(ii) to the financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011 . India

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Transition date accounting policies due to adoption of Ind-AS<br>Refer to the accounting policies in the financial statements: Significant Accounting Policies- Basis of preparation and Notes 54 to the financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Effective 1 April 2019, the Company adopted the Ind AS notified by the Ministry of Corporate Affairs with the transition date of 1 April 2018.<br><br>The following are the major impact areas for the Company upon transition:<br>• Classification and measurement of financial assets and financial liabilities<br>• Measurement of impairment loss allowance<br>• Gain/ loss on assignment of loans<br>• Accounting for loan fees and costs<br>• Additional disclosures as per the requirements of the new financial reporting framework<br><br>The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date.</td><td>We performed the following key audit procedures:<br>• Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind-AS 101.<br>• Confirmed the approvals of policies made by the Company for compliance/acceptability under Ind-AS.<br>• Evaluated management's transition date choices and exemptions for compliance under Ind-AS 101.<br>• Assessed the methodology implemented by management to give impact on the transition.<br>• Assessed the accuracy of the computations<br>• Assessed areas of significant estimates and management judgment in line with principles under Ind-AS.</td></tr>
<tr><td colspan="2">Impairment of loans and advances to customers<br><br>Charge: Rs. 1,684 lakhs for year ended 31 March 2020<br>Provision: Rs. 4,782 lakhs at 31 March 2020<br><br>Refer to the accounting policies in "Note 1.9 to the Financial Statements: Impairment", "Note 1.3 to the Financial Statements: Significant Accounting Policies- use of estimates" and "Note 4 to the Financial Statements: Loans"</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Recognition and measurement of impairment of loans and advances involve significant management judgement.<br><br>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.</td><td>Our key audit procedures included:<br><br>Design / controls<br><br>• Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice.<br><br>• Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.</td></tr>
</table>

**Key Audit Matters *(Continued)***

<table>
<tr><th colspan="2">Impairment of loans and advances to customers (Continued)</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
The most significant areas are:<br><br>
- Segmentation of loan book<br>
- Determination of exposure at default<br>
- Loan staging criteria<br>
- Calculation of probability of default / Loss given default<br>
- Consideration of probability weighted scenarios and forward looking macro-economic factors<br>
The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.<br><br>
Impact of COVID-19<br><br>
On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.<br><br>
We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:<br><br>
- Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;<br><br>
- impact of the pandemic on the Company's customers and their ability to repay dues; and<br><br>
- application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.<br><br>
Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.
</td><td>
• Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.<br><br>
• Testing the controls over 'Governance Framework' in line with the RBI guidance.<br><br>
• Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.<br><br>
• Using specialists to test the model methodology and reasonableness of assumptions used, including management overlays.<br><br>
• Testing of review controls over measurement of impairment allowances and disclosures in financial statements.<br><br>
Substantive tests<br><br>
• Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package.<br><br>
• Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.<br><br>
• Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed.<br><br>
• Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.
</td></tr>
</table>

**Key Audit Matters *(Continued)***

| **Impairment of loans and advances to customers *(Continued)*** | |
|---|---|
| **The key audit matter** | **How the matter was addressed in our audit** |
| | • Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.<br><br>• Model calculations testing through re-performance where possible.<br><br>• The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.<br><br>• Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19. |

| **Information Technology - IT Systems and Controls** | |
|---|---|
| **The key audit matter** | **How the matter was addressed in our audit** |
| The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated.<br><br>Due to the large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, controls around IT Systems have become more significant.<br><br>We have focused on user access management, program change management, segregation of duties and system application controls over key financial accounting and reporting systems. | We performed the following key audit procedures:<br><br>• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.<br>• We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.<br>• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.<br>• Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. |

## 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 Director's report and management discussion & analysis 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.

## 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.

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

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.

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

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

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

**Independent Auditors' Report *(Continued)***

# ORIX Leasing & Financial Services India Limited

**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 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

    i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 35.1 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 35.3 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 2020.

**Independent Auditors' Report *(Continued)***

# ORIX Leasing & Financial Services India Limited

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

(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

Ajit Viswanath

**Ajit Viswanath**
*Partner*
Membership No: 067114
ICAI UDIN: 20067114AAAABB1651

Mumbai
7 July 2020

# Annexure A to the Independent Auditors' Report on the Financial Statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2020

**(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. 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 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.

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 2020 for a period of more than six months from the date they became payable.

## Annexure A to the Independent Auditors' Report on the Financial Statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2020 *(Continued)*

(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 | 410,072 | AY 2013-14 | Appellate Deputy Commissioner CT, West Bengal |
| Value Added Tax Act | VAT | 3,898 | AY 2013-14 | Appellate Deputy Commissioner CT, West Bengal |
| Value Added Tax Act | VAT | 5,926,885 | 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. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the books and records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V 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 2020 *(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

Ajit Viswanath

**Ajit Viswanath**
*Partner*
Membership No: 067114
ICAI UDIN: 20067114AAAABB1651

Mumbai
7 July 2020

# Annexure B to the Independent Auditors' report on the financial statements of ORIX Leasing & Financial Services India Limited for the year ended 31 March 2020.

**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 2020 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 2020, 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")

## Emphasis of Matter

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the COVID-19 pandemic will have an impact on the Company's internal financial controls with reference to financial statements is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

## 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 2020 *(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

Ajit Viswanath

**Ajit Viswanath**
*Partner*
Membership No: 067114
ICAI UDIN: 20067114AAAABB1651

Mumbai
7 July 2020

## ORIX Leasing & Financial Services India Limited

**Balance Sheet as at 31 March 2020**

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

| Particulars | Notes | As at 31 March 2020 | As at 31 March 2019 | As at 01 April 2018 |
|---|---|---|---|---|
| **I ASSETS** | | | | |
| **1 Financial assets** | | | | |
| (a) Cash and cash equivalents | 2 | 3,766 | 1,374 | 448 |
| (b) Bank balances other than (a) above | 3 | 88 | 74 | 72 |
| (c) Loans | 4 | 2,44,684 | 2 53,361 | 1,92 863 |
| (d) Trade receivable | 5 | 660 | 280 | 100 |
| (e) Other financial assets | 6 | 3,125 | 2,488 | 524 |
| **Total Financial assets** | | **2,52,323** | **2,57,577** | **1,94,027** |
| **2 Non-financial assets** | | | | |
| (a) Inventories | 7 | 19 | 55 | 12 |
| (b) Current tax assets (net) | 8 | 1,438 | 997 | 163 |
| (c) Deferred tax assets (net) | 9 | 5,454 | 7,055 | 7,316 |
| (d) Property, plant and equipment | 10 | 2,464 | 2,938 | 1,920 |
| (e) Right-of-use assets | 11 | 308 | 423 | 551 |
| (f) Intangible assets | 12 | 66 | 111 | 156 |
| (g) Other non-financial assets | 13 | 4,941 | 5,854 | 2,896 |
| **Total non-financial assets** | | **14,690** | **17,433** | **13,014** |
| TOTAL ASSETS | | **2,67,013** | **2,75,010** | **2,07,041** |
| **II LIABILITIES AND EQUITY** | | | | |
| **LIABILITIES** | | | | |
| **1 Financial liabilities** | | | | |
| (a) Trade Payables | | | | |
| (i) Trade payables | 14 | | | |
| - Total outstanding dues of Micro and Small Enterprises | | 11 | 15 | - |
| - Total outstanding dues of Creditors other than Micro and Small Enterprises | | 2,095 | 2,790 | 101 |
| (b) Debt Securities | 15 | 20,000 | 52,000 | 52,000 |
| (c) Borrowings (Other than debt securities) | 16 | 1,83,344 | 1,61,722 | 1,02,827 |
| (d) Lease liabilities | 18 | 348 | 452 | 551 |
| (e) Deposits | 17 | 1,249 | 1,395 | 623 |
| (f) Other financial liabilities | 18 | 2,127 | 2,474 | 1,562 |
| **Total Financial liabilities** | | **2,09,174** | **2,20,848** | **1,57,664** |
| **2 Non-Financial liabilities** | | | | |
| (a) Current tax liabilities (net) | 19 | 116 | 36 | 143 |
| (b) Provision for Employees' Retirement Benefits | 20 | 141 | 164 | 123 |
| (c) Provisions | 21 | 16 | 9 | 2 |
| (d) Other non-financial liabilities | 22 | 471 | 460 | 307 |
| **Total Non-Financial liabilities** | | **744** | **669** | **575** |
| **3 Equity** | | | | |
| (a) Equity share capital | 23 | 10,094 | 10,094 | 10,094 |
| (b) Other equity | 24 | 47,001 | 43,379 | 38,708 |
| **Total Equity** | | **57,095** | **53,473** | **48,802** |
| TOTAL EQUITY & LIABILITIES | | **2,67,013** | **2,75,010** | **2,07,041** |
| Significant accounting policies | 1 | | | |
| The accompanying notes are an integral part of these Financial Statements | | | | |

As per our report of even date attached

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm's Registration No: 101248W/W-100022**

**Ajit Viswanath**
*Partner*
Membership No: 067114

**For and on behalf of the Board of Directors**
**ORIX Leasing & Financial Services India Limited**
**CIN : U74900MH2006PLC163937**

**Sandeep Gambhir**
*Managing Director*
(DIN - 00083116)

**Ryohei Suzuki**
*Director*
(DIN - 08218688)

**Vivek Wadhera**
*CFO*

**Meeta Sanghvi**
*Company Secretary*

Mumbai
07 July 2020

**ORIX Leasing & Financial Services India Limited**
**Statement of profit and loss for the year ended 31 March 2020**
*(All amounts are in INR Lakhs, except as stated)*

| | Particulars | Notes | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|---|---|
| I | **Revenue from operations** | | | |
| | (i) Interest income | 25 | 31,628 | 28,857 |
| | (ii) Fees and commission income | 26 | 424 | 450 |
| | (iii) Net gain on fair value changes | 27 | 72 | 71 |
| | **Total Revenue from operations** | | **32,124** | **29,378** |
| II | Other income | 28 | 2,680 | 2,659 |
| III | **Total Income (I + II)** | | **34,804** | **32,038** |
| IV | **Expenses** | | | |
| | (i) Finance cost | 29 | 17,972 | 16,101 |
| | (ii) Impairment on financial instruments | 30 | 1,807 | 1,514 |
| | (iii) Employee benefit expense | 31 | 3,401 | 3,926 |
| | (iv) Depreciation, amortisation and impairment | 32 | 927 | 811 |
| | (v) Other expenses | 33 | 3,110 | 3,007 |
| | **Total expenses (IV)** | | **27,217** | **25,359** |
| V | **Profit before tax (III-IV)** | | 7,587 | 6,679 |
| VI | **Tax Expenses** | | | |
| | Current tax | | 2,321 | 1,632 |
| | Tax expenses relating to prior years | | 18 | 63 |
| | Deferred tax | | 1,608 | 279 |
| VII | **Profit for the year** | | **3,640** | **4,705** |
| VIII | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of post-employement benefit obligation | | 24 | 52 |
| | Income tax related to items that will not be reclassified to profit or loss | | -6 | -18 |
| | **Others Comprehensive Income for the year** | | **18** | **34** |
| IX | **Total Comprehensive Income for the year** | | **3,622** | **4,671** |
| X | **Earnings per equity share (Face value ₹ 10 per share)** | 34 | | |
| | (i) Basic (Rupees) | | 3.59 | 4.63 |
| | (ii) Diluted (Rupees) | | 3.59 | 4.63 |

Significant accounting policies 1

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm's Registration No: 101248W/W-100022**

Ajit Viswanath

**Ajit Viswanath**
*Partner*
Membership No: 067114

**Mumbai**
**07 July 2020**

**For and on behalf of the Board of Directors**
**ORIX Leasing & Financial Services India Limited**
**CIN : U74900MH2006PLC163937**

**Sandeep Gambhir**
*Managing Director*
(DIN - 00083116)

**Ryohei Suzuki**
*Director*
(DIN - 08218688)

**Vivek Wadhera**
*CFO*

**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)*

**Note (a) : Equity share capital**

| | As at 31 March 2020 Amount | As at 31 March 2019 Amount | As at 01 April 2018 Amount |
|---|---|---|---|
| Balance at the beginning of the reporting year Balance | 1,00,93,59,010 | 1,00,93,59,010 | 88,93,59,010 |
| Changes in equity share capital during the year | | | 12,00,00,000 |
| Balance at the end of the reporting year | 1,00,93,59,010 | 1,00,93,59,010 | 1,00,93,59,010 |

**Note (b) : Other equity**

| Particulars | Reserves & Surplus | | | Total |
|---|---|---|---|---|
| | Statutory Reserve | Securities premium | Retained earnings | |
| Balance at 1 April, 2017 | 1,405 | 30,303 | 4,380 | 36,088 |
| Profit for the year | - | - | 2,624 | 2,624 |
| Other comprehensive income for the year | - | - | (4) | (4) |
| Total comprehensive income for the year | - | - | 2,620 | 2,620 |
| Expenses on Equity Shares issued during the year | - | - | - | - |
| Transfer to Statutory Reserve | 518 | - | (518) | - |
| Balance at 31 March, 2018 | 1,923 | 30,303 | 6,482 | 38,708 |

**Note (b) : Other equity**

| Particulars | Reserves & Surplus | | | Total |
|---|---|---|---|---|
| | Statutory Reserve | Securities premium | Retained earnings | |
| Balance at 1 April, 2018 | 1,923 | 30,303 | 6,482 | 38,708 |
| Profit for the year | - | - | 4,705 | 4,705 |
| Other comprehensive income for the year | - | - | (34) | (34) |
| Total comprehensive income for the year | - | - | 4,671 | 4,671 |
| Expenses on Equity Shares issued during the year | - | - | - | - |
| Transfer to Statutory Reserve | 874 | - | (874) | - |
| Balance at 31 March, 2019 | 2,797 | 30,303 | 10,279 | 43,379 |

**Note (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 |
| Expenses on Equity Shares issued during the year | - | - | - | - |
| Transfer to Statutory Reserve | 731 | - | (731) | - |
| Balance at 31 March, 2020 | 3,528 | 30,303 | 13,170 | 47,001 |

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

Ajit Viswanath

Ajit Viswanath
*Partner*
Membership No: 067114

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited
CIN : U74900MH2006PLC163937

Sandeep Gambhir
*Managing Director*
(DIN - 00083116)

Ryohei Suzuki
*Director*
(DIN - 08218888)

Vivek Wadhera
*CFO*

Meeta Sanghvi
*Company Secretary*

Mumbai
07 July 2020

## ORIX Leasing & Financial Services India Limited
**Cash flow statement**
for the year ended 31 March 2020

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

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit Before Tax** | 7,587 | 6,679 |
| **Adjustments for working capital changes:** | | |
| Depreciation and amortisation expenses | 927 | 811 |
| Profit on sale of fixed assets | 1 | - |
| Other Comprehensive Income | (25) | (52) |
| Loss Allowance ECL | 1,684 | 1,319 |
| Sundry balances written off | 24 | - |
| Bad debts written off | 99 | - |
| Sundry balances written back | (243) | (103) |
| Expenses for short term leases | 200 | 209 |
| **Net operating cash flow before working capital changes** | 10,254 | 8,863 |
| **Adjustments:** | | |
| Increase / (Decrease) in Loan and Advances | 8,577 | (74,561) |
| Increase / (Decrease) in trade / other payables | (2,690) | 4,924 |
| Increase / (Decrease) in other liabilities & provisions | (21,420) | 6,203 |
| Proceeds from Loans assigned | - | 8,941 |
| **Net cash used in operating activities before taxes** | (5,279) | (45,630) |
| Less: Taxes paid (net of refunds) | (2,700) | (2,635) |
| **Cash flows used in operating activities -A** | (7,979) | (48,265) |
| **Cash flow from investing activities** | | |
| Purchase of fixed assets | (390) | (1,661) |
| Proceeds from sale of fixed assets | 96 | 4 |
| Investment in fixed deposits | (80) | (134) |
| Redemption in fixed deposits | 73 | 129 |
| **Net cash flows (used in)/from investing activities -B** | (301) | (1,662) |

## ORIX Leasing & Financial Services India Limited

Cash flow statement (Continued)
for the year ended 31 March 2020

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

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| **Cash flow from financing activities** | | |
| Proceeds from Processing Fees | 27 | (32) |
| Proceeds from long-term borrowings | 85,000 | 1,00,000 |
| Proceeds from short-term borrowings | 3,26,308 | 32,000 |
| Repayment of long term borrowings | (85,451) | (37,817) |
| Repayment of short term borrowings | (3,15,108) | (43,200) |
| Increase / (Decrease) in Lease Liability on principal component | (101) | (137) |
| Increase / (Decrease) in Lease liablity interest portion | (3) | 38 |
| **Net cash flows generated from financing activities - C** | 10,672 | 50,852 |
| **Net Increase / (Decrease) in cash & cash equivalents (A+B+C)** | 2,392 | 926 |
| **Cash & cash equivalents as at the beginning of the year** | 1,374 | 448 |
| **Cash and cash equivalents as at the end of the year (Refer Note 2 (a))** | 3,766 | 1,374 |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached
The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm's Registration No: 101248W/W-100022**

**For and on behalf of the Board of Directors**
**ORIX Leasing & Financial Services India Limited**
**CIN : U74900MH2006PLC163937**

Ajit Viswanath

**Ajit Viswanath**
*Partner*
Membership No: 067114

**Sandeep Gambhir**
*Managing Director*
(DIN - 00083116)

**Ryohei Suzuki**
*Director*
(DIN - 08218868)

**Vivek Wadhera**
*CFO*

MSanghvi

**Meeta Sanghvi**
*Company Secretary*

Mumbai
07 July 2020

Chartered Accountants

ORIX Leasing & Financial Services India Limited

Notes to the Financial Statements

## Company Overview and Significant Accounting policies

### 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 has its debt listed on National Stock Exchange ("NSE").
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 standalone or separate financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules as amended from time to time.
The Company's financial statements upto and for the year ended 31 March 2018 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Act, the Accounting Standards specified under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as "Previous GAAP".
These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 54.
These standalone or separate financial statements were approved by the Company's Board of Directors and authorised for issue on 7 July 2020 .

(b) Basis of preparation

These separate financial statements have been prepared in Indian Rupee (`) which is the functional currency of the Company. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated These separate 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. 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.

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.

Standards Issued but not Effective Yet
As at 31 March 2020, there are no standards which are issued but not effective.

1.3 Use of estimates

The preparation of the separate 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 separate 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 separate 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 separate financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the separate 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 separate 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.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex 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

The COVID-19 pandemic and the long-drawn lock-down has resulted in a significant decrease in the economic activities globally as well as across our country. The extent of impact of COVID-19 on economic growth of the country is difficult to predict and will mainly depend on the future developments in containment of COVID-19 and the actions taken for resumption of operations, which is highly uncertain.
The extent to which the global pandemic will impact the Company's assessment and resultant loss provisions is uncertain. The Company has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors / information available at the time of making these judgements. In relation to COVID-19, critical estimates and judgements include the extent and duration of the pandemic, the markets and industry in which it operates, its customer's ability to continue in business and pay, support provided by government, assumptions of forecasts such as growth rates and changes in working capital balances, liquidity analysis, discount rates, credit-spread/ counter party credit risk, etc.

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.

1.4 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.

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

## 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 attributable cost of bringing the assets to its working condition for 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 (caculated 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.

### 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 INR 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.

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. Non-derivative 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

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. If the credit risk is increased significantly, life time allowance is measured.
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.

For trade receivables, Company measures loss allowances using simplified approach.

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 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

## 1.11 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.

## 1.12 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.

### 1.13 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.

### 1.14 Retirement and other employee 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.

ii. Post-Employment Benefits
Define contribution plans

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 OCI. 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.

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.

### 1.15 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.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the separate 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.

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.

### 1.16 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.

### 1.17 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.

### 1.18 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.

## 1.19 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.

## 1.20 Borrowing costs

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

## 1.21 First-time adoption of Ind AS

The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2018 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, whereas items of assets or liabilities which are not permitted by Ind AS are not recognised,

Items are reclassified from Previous GAAP to Ind AS as required under Ind AS, by applying Ind AS measurement principals while recognizing assets and liabilities.

However, this principle is subject to certain mandatory exceptions and optional exemptions availed by the Company as mentioned below:

- De-recognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initial accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

- Classification and measurement of financial assets and liabilities

Ind AS 101 requires an entity to assess classification of financial assets and liabilities on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets and liabilities accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable

Accordingly, the Company has determined the classification of financial assets and liabilities based on facts and circumstances that exist on the date of transition. Measurement of the financial assets and liabilities accounted at amortised cost has been done retrospectively except where the same is impracticable.

- Deemed cost

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– fair value;

– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortized cost.
- Discounted value of liability for retiral obligations.

**ORIX Leasing & Financial Services India Limited**
**Notes to audited financial statements for the year ended 31 March 2020**
*(All amounts are in INR Lakhs, except as stated)*

| Particulars | As at 31 March 2020 | As at 31 March 2019 | As at 01 April 2018 |
|---|---|---|---|
| **Note 2** | | | |
| **Cash and bank balances** | | | |
| (A)Cash and cash equivalents | | | |
| Balance with Banks | | | |
| On current accounts | 3,761 | 1,368 | 444 |
| Cash on hand | 5 | 6 | 4 |
| | 3,766 | 1,374 | 448 |
| **Note 3** | | | |
| **Bank balances other than (a) above** | | | |
| (B) Bank balances other than cash & cash equivalents | | | |
| Deposit with original maturity of more than 3 months but residual maturity of less than 12 months* | 88 | 74 | 72 |
| | 88 | 74 | 72 |
| *The bank deposits have been kept as a security for registration with the VAT authorities of various states. | | | |
| **Note 4** | | | |
| **Loans** | | | |
| Loan against Hypothecation of vehicle | 36,259 | 56,673 | 61,889 |
| Loan against Property | 1,66,451 | 1,56,216 | 99,291 |
| Finance Leases | 46,661 | 43,520 | 33,477 |
| Less: Impairment loss allowance | -4,687 | -3,048 | -1,774 |
| **Total** | 2,44,684 | 2,53,361 | 1,92,883 |
| **Loans at amortised cost** | | | |
| **A** | | | |
| Term loans | 2,02,710 | 2,12,889 | 1,61,180 |
| Finance Lease | 46,661 | 43,520 | 33,477 |
| **Gross Total A** | 2,49,371 | 2,56,409 | 1,94,657 |
| Less: Impairment Loss allowance | -4,687 | -3,048 | -1,774 |
| **Net Total A** | 2,44,684 | 2,53,361 | 1,92,883 |
| **B** | | | |
| Secured by tangible assets | 2,49,371 | 2,56,409 | 1,94,657 |
| Secured by intangible assets | - | - | - |
| Covered by Bank/Government Guarantees | - | - | - |
| Unsecured | - | - | - |
| **Gross Total B** | 2,49,371 | 2,56,409 | 1,94,657 |
| Less: Impairment Loss allowance | -4,687 | -3,048 | -1,774 |
| **Net Total B** | 2,44,684 | 2,53,361 | 1,92,883 |
| C | | | |
| Loans in India | 2,49,371 | 2,56,409 | 1,94,657 |
| Public Sector | - | - | - |
| Others | - | - | - |
| Gross Total | - | - | - |
| Less: Impairment loss allowance | -4,687 | -3,048 | -1,774 |
| **Net** | **2,44,684** | **2,53,361** | **1,92,883** |
| Loans outside India | - | - | - |
| Less: Impairment loss allowance | - | - | - |
| Net | - | - | - |
| **Net Total C** | 2,44,684 | 2,53,361 | 1,92,883 |

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| Particulars | As at 31 March 2020 | As at 31 March 2019 | As at 01 April 2018 |
|---|---|---|---|
| **Note 5** | | | |
| **Trade receivable** | | | |
| Receivables considered good Secured | 110 | 54 | 28 |
| Receivables considered good unsecured | - | - | - |
| Receivables which have significant increase in credit risk | 106 | 142 | 28 |
| Receivable credit impaired | 505 | 101 | 49 |
| Less: Loss Allowance for Trade receivable | -61 | -17 | -5 |
| **Total** | 660 | 280 | 100 |
| **Note 6** | | | |
| **Other financial assets** | | | |
| Security deposits Premises | 34 | 34 | 22 |
| Sundry Deposits | 39 | 394 | 250 |
| Retained Interest on Loan Assigned | 563 | 706 | - |
| Advances to suppliers of goods and services | 116 | 156 | 206 |
| Other Deposits | 10 | 22 | 5 |
| Loans and advances to employees | 7 | 9 | 4 |
| Bank Deposits maturity more than 12 months | - | 6 | 3 |
| Other Advances | 2,372 | 1,166 | 34 |
| Less: Loss Allowance for Out of pocket expenses | -16 | -25 | - |
| **Total** | 3,125 | 2,468 | 524 |
| **Note 7** | | | |
| **Inventories** | | | |
| Stock-in-trade | 19 | 55 | 12 |
| | 19 | 55 | 12 |
| **Note 8** | | | |
| **Current tax assets (net)** | | | |
| Advance tax (net of provisions) | 1,438 | 997 | 163 |
| (Net of provision of 2020 ₹10 693/-, 2019 ₹ 8,556/- and 2018 ₹ 6,924/-) | | | |
| **Total** | 1,438 | 997 | 163 |
| **Note 9** | | | |
| **Deferred tax assets (net)** | | | |
| Deferred Tax Asset | 5,454 | 7,055 | 7,316 |
| **Total** | 5,454 | 7,055 | 7,316 |
| **Note 13** | | | |
| **Other non-financial assets** | | | |
| Prepaid Expenses | 419 | 273 | 296 |
| Balance with government authorities | | | |
| - Vat credit receivable | 53 | 48 | 47 |
| - GST credit receivable | 3,731 | 4,992 | 2,188 |
| Other assets | - | 0 | 29 |
| Advances to suppliers of goods and services | 302 | 110 | 90 |
| Sales Tax Refund | 58 | 56 | 57 |
| Capital Advances | 380 | 375 | 189 |
| **TOTAL** | 4,941 | 5,854 | 2,896 |
| **Note 14** | | | |
| **Trade Payables** | | | |
| Total outstanding dues of Micro and Small Enterprises | 11 | 15 | - |
| Total outstanding dues of Creditors other than Micro and Small Enterprises | 2,095 | 2,790 | 101 |
| **TOTAL** | 2,106 | 2,805 | 101 |

| Particulars | As at 31 March 2020 | As at 31 March 2019 | As at 01 April 2018 |
|---|---|---|---|
| **Note 15** | | | |
| **Debt Securities** | | | |
| Non-convertible Debentures | 20,000 | 52,000 | 52,000 |
| **TOTAL** | **20,000** | **52,000** | **52,000** |
| | **At Amortised Cost** | | |
| Liability component of compound financial instruments | - | - | - |
| Others (Bonds/ Debenture etc.) | 20,000 | 52,000 | 52,000 |
| **Total (A)** | **20,000** | **52,000** | **52,000** |
| Debt securities in India | 20,000 | 52,000 | 52,000 |
| Debt securities outside India | - | - | - |
| **Total (B) to tally with (A)** | **20,000** | **52,000** | **52,000** |
| **Note 16** | | | |
| **Borrowings (Other than debt securities)** | | | |
| Term Loan | | | |
| - From Banks | 1,53,466 | 1,20,690 | 69,739 |
| - Masala Bond | 10,000 | 10,000 | 10,000 |
| - ECB Borrowing from Bank | 17,500 | 7,500 | 7,500 |
| Cash Credits | 198 | 7,436 | 10,741 |
| Overdraft facilities | 7 | 12,171 | 1,203 |
| Loans and advances from related party | 673 | 952 | 741 |
| Interest accrued but not due on borrowings | 1,500 | 2,973 | 2,903 |
| **TOTAL** | **1,83,344** | **1,61,722** | **1,02,827** |

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

i) Unencumbered owned assets
ii) Receivables under operating lease with underlying assets.
iii) Receivables from the Company's other business activities

| | **At Amortised Cost** | | |
|---|---|---|---|
| (a)Term loans | 1,80,966 | 1,38,190 | 87,239 |
| (i)from banks | - | - | - |
| (ii)from other parties | - | - | - |
| (b)Deferred payment liabilities | - | - | - |
| (c)Loans from related parties | 673 | 952 | 741 |
| (d) Finance lease obligations | - | - | - |
| (e)Liability component of compound financial instruments | - | - | - |
| (f)Loans repayable on demand | - | - | - |
| (i)from banks | 205 | 19,607 | 11,944 |
| (ii)from other parties | - | - | - |
| (g) Other loans (specify nature) | - | - | - |
| **Total (A)** | **1,81,844** | **1,58,749** | **99,925** |
| Borrowings in India | 1,54,344 | 1,41,249 | 82,425 |
| Borrowings outside India | 27,500 | 17,500 | 17,500 |
| **Total (B) to tally with (A)** | **1,81,844** | **1,58,749** | **99,925** |
| **Note 17** | | | |
| **Deposits** | | | |
| Security deposits from lessees | 1,249 | 1,395 | 623 |
| | **1,249** | **1,395** | **623** |

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| Particulars | As at 31 March 2020 | As at 31 March 2019 | As at 01 April 2018 |
|---|---|---|---|
| **Note 18** | | | |
| **Other financial liabilities** | | | |
| Other Payables to Employees | 218 | 329 | 232 |
| Payable in respect of loans assigned | 83 | 297 | - |
| Other Payables | 321 | 245 | 353 |
| Advance from customers | 1,505 | 1,603 | 977 |
| Lease liabilities | 348 | 452 | 551 |
| **TOTAL** | **2,478** | **2,926** | **2,113** |
| **Note 19** | | | |
| **Current tax liabilities (Net)** | | | |
| Provision for income tax (net of advance tax) | 116 | 36 | 143 |
| (Net of TDS and advance tax for 2020 ₹ 4613/-, 2019 ₹ 4,491/- and 2018 - ₹ 4,322/-) | | | |
| | **116** | **36** | **143** |
| **Note 20** | | | |
| **Provision for Employees' Retirement Benefits** | | | |
| Provision for Compensated absences | 135 | 163 | 123 |
| - Provision for Gratuity | 6 | 21 | - |
| **TOTAL** | **141** | **184** | **123** |
| **Note 21** | | | |
| **Provisions** | | | |
| - Other provisions | 16 | 9 | 2 |
| | **16** | **9** | **2** |
| **Note 22** | | | |
| **Other non-financial liabilities** | | | |
| Deferred Income-Securities deposit | 325 | 301 | 114 |
| Statutory remittances (Contributions to PF, withholding taxes, GST, TDS, etc) | 146 | 159 | 193 |
| **TOTAL** | **471** | **460** | **307** |
| **Note 23** | | | |
| EQUITY SHARE CAPITAL | | | |
| **Authorised** | | | |
| 15,00,000,00 equity shares of ₹ 10 each | 1,50,00,00,000 | 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 | 1,00,93,59,010 |
| **TOTAL** | **1,00,93,59,010** | **1,00,93,59,010** | **1,00,93,59,010** |
| **Note 24** | | | |
| **Other equity** | | | |
| **Statutory Reserve** | | | |
| Opening balance | 2,797 | 1,923 | 1,405 |
| Add : Additions during the year | 731 | 874 | 518 |
| Balance at the end of the year | 3,528 | 2,797 | 1,923 |
| **Securities premium account** | 30,303 | 30,303 | 30,303 |
| **Retained Earnings** | | | |
| Balance at the beginning of the year | 10,371 | 6,540 | 4,434 |
| Profit for the year | 3,640 | 4,705 | 2,624 |
| Less: Transfer to statutory reserve | 731 | 874 | 518 |
| Balance at the end of the year | 13,280 | 10,371 | 6,540 |
| **Other Comprehensive Income :** | | | |
| Balance at the beginning of the year | -92 | -58 | -54 |
| Transactions during the year | -18 | -34 | -4 |
| Balance at the end of the year | -110 | -92 | -58 |
| **TOTAL** | **47,001** | **43,379** | **38,708** |

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) Actuarial gains and losses on defined benefit plans are recognized in other comprehensive income, net of taxes.

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**ORIX Leasing & Financial Services India Limited**
**Notes to audited financial statements for the year ended 31 March 2020**
*(All amounts are in INR Lakhs, except as stated )*

| PARTICUALRS | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| **Note 25** | | |
| **Revenue from operations** | | |
| **INTEREST INCOME** | | |
| Interest on Loans | 31,588 | 28,783 |
| Penal Interest Income | 24 | 4 |
| Bank Deposits | 5 | 5 |
| Interst on Loan to staff | 1 | 1 |
| Other Interest | 10 | 64 |
| **TOTAL** | 31,628 | 28,857 |
| **On Financial Assets measured at Amortised Cost** | | |
| Interest on Loans | 31,588 | 28,783 |
| Interest income from Investments | - | - |
| Interest on deposits with Banks | 5 | 5 |
| Other Interest Income | 35 | 69 |
| **Total** | 31,628 | 28,857 |
| **Note 26** | | |
| **Fees and commission Income** | | |
| Origination and Processing Fees | 424 | 460 |
| **TOTAL** | 424 | 460 |
| **Note 27** | | |
| **Net gain on fair value changes** | | |
| Securities-Leases | 71 | 69 |
| Securities-Premises | 1 | 2 |
| **TOTAL** | 72 | 71 |
| **Note 28** | | |
| **Other Income** | | |
| Discount Received From Dealers | 102 | 99 |
| Termination / Rescheduling charges - Hypothecation | 276 | 250 |
| Income on pre termination of lease | 51 | 39 |
| Fleet Management Services | 186 | 172 |
| Lease rental on Operating Lease | 978 | 815 |
| Liabilities / provisions no longer required written back | 243 | 103 |
| Bad debts recovered | 32 | 39 |
| Gain on Loan transfer Transactions | - | 708 |
| Miscellaneous Income | 812 | 436 |
| **TOTAL** | 2,680 | 2,659 |
| **Note 29** | | |
| **Finance Cost** | | |
| Interest | 17,632 | 15,780 |
| Other borrowing costs | 305 | 283 |
| Interest on lease liability | 35 | 38 |
| **TOTAL** | 17,972 | 16,101 |
| **On Financial Assets measured at Amortised Cost** | | |
| Interest on deposits | | |
| Interest on borrowings | 15,082 | 11,581 |
| Interest on debt securities | 2,550 | 4,199 |
| Interest on subordinated liabilities | - | - |
| Other interest expense | 340 | 321 |
| **Total** | 17,972 | 16,101 |
| **Note 30** | | |
| **Impairment on financial instruments** | | |
| Loss Allowance ECL | 1,684 | 1,319 |
| Bad debts | 123 | 195 |
| | 1,807 | 1,514 |

| PARTICUALRS | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| **Note 31** | | |
| **Employee benefit expenses** | | |
| Salaries and wages | 3,099 | 3,626 |
| Contribution to provident and other funds | 216 | 199 |
| Staff welfare expenses | 86 | 101 |
| **TOTAL** | **3,401** | **3,926** |
| **Note 32** | | |
| **Depreciation and amortisation expense** | | |
| Depreciation on tangible fixed assets | 736 | 638 |
| Depreciation on Right-of-use assets | 146 | 128 |
| Amortization on intangible fixed assets | 45 | 45 |
| **TOTAL** | 927 | 811 |
| **Note 33** | | |
| **Other expenses** | | |
| Power and fuel | 87 | 84 |
| Rent | 200 | 209 |
| Repairs and maintenance | 70 | 66 |
| Insurance | 380 | 286 |
| Rates and taxes | 257 | 169 |
| Sub-contract charges | 167 | 129 |
| Communication expenses | 35 | 42 |
| Legal and professional fees | 367 | 400 |
| Corporate social responsibility expense (Refer Note (i) below) | 88 | 64 |
| Computer maintenance and Software | 79 | 59 |
| Travelling and conveyance | 213 | 257 |
| Director's sitting fees | 9 | 10 |
| Payments to Auditors (Refer Note (ii) below) | 49 | 45 |
| Loss on foreclosure of commercial vehicle loan | 485 | 478 |
| Management Fees | 259 | 259 |
| Retained Interest Receivable Adjustment | 68 | - |
| Miscellaneous expenses | 297 | 450 |
| **TOTAL** | 3,110 | 3,007 |

**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 | 64 |
| **Total** | **88** | **64** |

| (ii) Payment to Auditors: | | |
|---|---|---|
| Statutory audit fees | 44 | 40 |
| Other services | 5 | 5 |
| Professional fees includes payments to cost auditors for cost audit | | |
| **Total** | **49** | **45** |

**Note 34**

**Earnings per equity share**

| | | | |
|---|---|---|---|
| Profit after tax attributable to equity shareholders | (A) | 3,622 | 4,671 |
| 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) | 3.59 | 4.63 |
| Face value per share (₹) | | 10.00 | 10.00 |

## ORIX Leasing and Financial Services India Limited

**Notes to the financial statements** ***(Continued)***
as at 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**10. Property, Plant & Equipment** ***(Continued)***

| Particulars | Buildings | Leasehold improvements | Furniture and fixtures | Vehicles | Data processing equipments |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| As At April 01, 2017 | 41 | 22 | 23 | 129 | 74 |
| Additions | - | 27 | 11 | 47 | 23 |
| Disposals | - | - | 0 | 1 | 2 |
| As at March 31, 2018 | 41 | 49 | 34 | 175 | 95 |
| As At April 01, 2018 | 41 | 49 | 34 | 175 | 95 |
| Additions | - | 19 | 19 | 66 | 39 |
| Disposals | - | - | - | 4 | - |
| As at March 31, 2019 | 41 | 68 | 53 | 237 | 134 |
| As At April 01, 2019 | 41 | 68 | 53 | 237 | 134 |
| Additions | - | 9 | 8 | 121 | 16 |
| Disposals | - | - | 1 | 73 | 0 |
| As at March 31, 2020 | 41 | 77 | 60 | 285 | 150 |
| **Accumulated Depreciation / amortization and impairment :** | | | | | |
| As At April 01, 2017 | 1 | 3 | 3 | 24 | 23 |
| Additions | 0 | 8 | 6 | 47 | 29 |
| Disposals | - | - | 0 | 1 | 1 |
| As at March 31, 2018 | 1 | 11 | 9 | 70 | 51 |
| As At April 01, 2018 | 1 | 11 | 9 | 70 | 51 |
| Additions | 1 | 13 | 8 | 59 | 31 |
| Disposals | - | - | - | 4 | - |
| As at March 31, 2019 | 2 | 24 | 17 | 125 | 82 |
| As At April 01, 2019 | 2 | 24 | 17 | 125 | 82 |
| Additions | 1 | 15 | 11 | 70 | 31 |
| Disposals | - | - | 1 | 55 | 0 |
| As at March 31, 2020 | 3 | 39 | 27 | 140 | 113 |
| **Net carrying** | | | | | |
| As at March 31, 2018 | 40 | 38 | 25 | 105 | 44 |
| As at March 31, 2019 | 39 | 44 | 36 | 112 | 52 |
| As at March 31, 2020 | 38 | 38 | 33 | 145 | 37 |

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## ORIX Leasing and Financial Services India Limited

**Notes to the financial statements** ***(Continued)***
as at 31 March 2020
*(All amounts are in INR Lakhs, except as stated )*

**11. Right of use Assets (*****Continued*****)**

| Particulars | Right to use | Total |
|---|---|---|
| **Gross carrying amount** | | |
| **As At April 01, 2018** | 551 | **551** |
| Additions | - | - |
| **As at March 31, 2019** | **551** | **551** |
| **As At April 01, 2019** | **551** | **551** |
| Additions | 31 | **31** |
| **As at March 31, 2020** | **582** | **582** |
| **Accumulated Depreciation / amortization and impairment :** | | |
| **As At April 01, 2018** | - | - |
| Additions | 128 | **128** |
| **As at March 31, 2019** | **128** | **128** |
| **As At April 01, 2019** | **128** | **128** |
| Additions | 146 | **146** |
| **As at March 31, 2020** | **274** | **274** |
| **Net carrying** | | |
| **As at March 31, 2019** | **423** | **423** |
| **As at March 31, 2020** | **308** | **308** |

ORIX Leasing and Financial Services India Limited

**Notes to the financial statements** *(Continued)*
as at 31 March 2020
*(All amounts are in INR Lakhs, except as stated )*

**12. Intangible Assets** ***(Continued)***

| Particulars | Software | Total |
|---|---|---|
| **Gross carrying amount** | | |
| **As At April 01, 2017** | 236 | 236 |
| Additions | - | - |
| **As at March 31, 2018** | 236 | 236 |
| **As At April 01, 2018** | 236 | 236 |
| Additions | - | - |
| **As at March 31, 2019** | 236 | 236 |
| **As At April 01, 2019** | 236 | 236 |
| Additions | - | - |
| **As at March 31, 2020** | 236 | 236 |
| **Accumulated Depreciation / amortization and impairment :** | | |
| **As At April 01, 2017** | 35 | 35 |
| Additions | 45 | 45 |
| **As at March 31, 2018** | 80 | 80 |
| **As At April 01, 2018** | 80 | 80 |
| Additions | 45 | 45 |
| **As at March 31, 2019** | 125 | 125 |
| **As At April 01, 2019** | 125 | 125 |
| Additions | 45 | 45 |
| **As at March 31, 2020** | 170 | 170 |
| **Net carrying** | | |
| **As at March 31, 2018** | 156 | 156 |
| **As at March 31, 2019** | 111 | 111 |
| **As at March 31, 2020** | 66 | 66 |

**ORIX Leasing & Financial Services India Limited**
**Notes to the financial statements (Continued)**
**as at 31 March 2020**

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

**23.1 Share capital :**

| Particulars | As at 31 March 2020 Number | Amount | As at 31 March 2019 Number | Amount | As at 31 March 2018 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 | 15,00,00,000 | 1,50,00,00,000 |
| 13.5% preference shares of Rs. 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 | 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 | 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 | 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 2020 Number | Amount | As at 31 March 2019 Number | Amount | As at 31 March 2018 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 | 8,89,35,901 | 88,93,59,010 |
| Shares issued during the year | - | - | - | - | 1,20,00,000 | 12,00,00,000 |
| 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 | 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 2020 No of shares held | % of holding | As at 31 March 2019 No of shares held | % of holding | As at 31 March 2018 No of shares held | % of holding |
|---|---|---|---|---|---|---|
| ORIX Auto Infrastructure Services Limited and its nominees | 10,09,35,901 | 100% | 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 2020

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

**Note - 35**

**35.1 Contingent liabilities (to the extent not provided for):**

i) Claims against the Company not acknowledged as debts

| Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Income tax | 545 | 297 | 545 |
| Sales tax | 755 | 563 | 629 |
| Service tax | - | 3 | |
| Litigation pending against the Company | 20 | 34 | 44 |
| Total | 1,320 | 897 | 1,218 |

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 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Loan and lease commitments | 3,408 | 719 | 1,865 |

**35.2 Expenditure in foreign currency on accrual basis:**

(i) Value of expenses

| Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Bank guarantee fees & Charges | 161 | 123 | 62 |
| Commitment Charges | 16 | 7 | 104 |
| Interest on Masala bond | 749 | 747 | 714 |
| Reimbursement of salary | - | 29 | 42 |
| Total | 926 | 906 | 922 |

**35.3 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 no amounts due to MSME as at 31 March 2020

| Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| a) Principal amount due and remaining unpaid to suppliers as at the year end | 11 | 15 | |
| b) Interest accrued and due to suppliers on the above amount as at the year end | 3 | - | - |
| 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 | - | - | - |

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

| Particulars | 31 March 2020 | | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|---|---|
| | Amount in original currency | Amount in INR | Amount in original currency | Amount in INR | Amount in original currency | Amount in INR |
| Amount payable for Bank Guarantee fees (USD) | 1 | 84 | 1 | 68 | 1 | 33 |
| Amount payable for Reimbursement of Salary (YEN) | - | - | 46 | 29 | 68 | 42 |
| Amount payable for Global Fees | 0 | 2 | - | - | - | - |
| Amount receivable for Reimbursement of Expenses (USD) | 3 | 204 | 2 | 110 | - | - |

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 adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts The Comapny did not enter into any derivative transactions during the year

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

35.5 Based on management's assessment, the Company repossesses vehicles where there is delinquency and the probability of recovery is doubtful.
As on 31 March 2020, there are 79 (P Y. 35) repossessed vehicles having exposure of Rs 1322 88 (P Y 709 78)

**ORIX Leasing and Financial Services India Limited**
**Notes to the financial statements (Continued)**
for the year ended 31 March 2020

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

Note:- 36
**As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 .**

36.1 **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 Group

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 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Regulatory capital | | | |
| i) Tier I Capital (%) | 19 50% | 17 16% | 20 38% |
| ii) Tier II Capital (%) | 0 72% | 0 58% | 0.48% |
| Total Capital | 20.22% | 17.74% | 20.86% |

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

As at 31 March 2020

| Particulars | Up to 30/31 Days | Over 1 Month Upto 2 Month | Over 2 Month Upto 3 Month | Over 3 Month Upto 6 Month | Over 6 Month Upto 1 Year | Over 1 Year Upto 3 Year | Over 3 Year Upto 5 Year | Over 5 Year | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 11,600 | 2,590 | 3,581 | 10,365 | 19,202 | 51,892 | 21,928 | 1,28,432 | 2,49,370 |
| Investments | - | - | - | - | - | - | - | - | - |
| Borrowings | 3,391 | 3,546 | 3,421 | 42,161 | 37,363 | 98,637 | 12,633 | - | 2,01,172 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

As at 31 March 2019

| Particulars | Up to 30/31 Days | Over 1 Month Upto 2 Month | Over 2 Month Upto 3 Month | Over 3 Month Upto 6 Month | Over 6 Month Upto 1 Year | Over 1 Year Upto 3 Year | Over 3 Year Upto 5 Year | Over 5 Year | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 10,520 | 3,790 | 3,734 | 11,264 | 20,631 | 59,515 | 22,581 | 1,24,374 | 2,56,409 |
| Investments | - | - | - | - | - | - | - | - | - |
| Borrowings | 18,808 | 6,314 | 4,824 | 38,330 | 36,220 | 96,304 | 9,337 | - | 2,08,767 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

As at 31 March 2018

| Particulars | Up to 30/31 Days | Over 1 Month Upto 2 Month | Over 2 Month Upto 3 Month | Over 3 Month Upto 6 Month | Over 6 Month Upto 1 Year | Over 1 Year Upto 3 Year | Over 3 Year Upto 5 Year | Over 5 Year | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 11,930 | 3,352 | 3,357 | 9,927 | 18,448 | 52,782 | 19,339 | 75,522 | 1,94,657 |
| Investments | - | - | - | - | - | - | - | - | - |
| Borrowings | 28,023 | 5,945 | 4,228 | 5,796 | 11,592 | 60,289 | 15,313 | - | 1,51,184 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

Maturity pattern is as per contractual cash flow and management estimate of [illegible]

36.3 **Exposure to Real Estate Sector :**

| Category | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| 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 | 2,025 | 1,076 | 1,053 |
| (iii) **Investments in Mortgage Backed Securities (MBS) and other securitised exposures -** a Residential b Commercial Real Estate | | | |
| Total | 2,025 | 1,076 | 1,053 |

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

36.4 **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.

Note:- 36 (Continued)

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

The Company has received revised rating on 13 May 2019 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+ |

36.6 **Provisions and Contingencies :**

To facilitate easy reading of the financial statements and to make the information on all provisions and contingencies available at one place, NBFCs are required to disclose in the Notes to financial statements the following information:

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Provisions for depreciation on Investment | - | |
| Provision towards NPA | 1,948 | 884 |
| Provision made towards income tax | 3,946 | 1,974 |
| Other Provision and Contingencies | 179 | 190 |
| Provision for Standard Assets | -264 | 434 |

36.7 **Concentration Advances :**

| Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Total Advances to twenty largest borrowers | 19,522 | 18,651 | 18,653 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 8% | 7% | 10% |

36.8 **Concentration of Exposures :**

| Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Total exposure to twenty largest borrowers / customers | 19,522 | 18,651 | 18,653 |
| Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 8% | 7% | 10% |

36.9 **Concentration of NPAs :**

| Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Total exposure to top four NPA accounts | 1,150 | 1,184 | 882 |

36.10 **Sector-wise NPAs :**

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that sector | | |
|---|---|---|---|---|
| | | 31 March 2020 | 31 March 2019 | 31 March 2018 |
| 1 | Agriculture & allied activities | - | - | - |
| 2 | MSME | 4.22% | 2.87% | 1.39% |
| 3 | Corporate borrowers | 3.22% | 1.37% | 1.09% |
| 4 | Services | - | - | - |
| 5 | Unsecured personal loans | - | - | - |
| 6 | Auto loans | 21.61% | 5.59% | 1.93% |
| 7 | Other personal loans | - | - | - |

Chartered Accountants

*Note:- 33 (Continued)*

**38.11 Movement of NPAs :**

| Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| (i) Net NPAs to Net Advances (%) | 5.23% | 2.47% | 3.26% |
| (ii) Movement of NPAs (Gross) | | | |
| a) Opening balance | 7,843 | 2,919 | 3,397 |
| b) Additions during the year | 10,455 | 5,554 | 2,031 |
| c) Reductions during the year | (2,528) | (630) | (2,509) |
| d) Closing balance | 15,770 | 7,843 | 2,919 |
| (iii) Movement of Net NPAs | | | |
| a) Opening balance | 6,289 | 2,081 | 2,579 |
| b) Additions during the year | 8,452 | 4,543 | 1,478 |
| c) Reductions during the year | (1,847) | (335) | (1,976) |
| d) Closing balance | 12,894 | 6,289 | 2,081 |
| (iv) Movement of provisions for NPAs (excluding provisions on standard assets) | | | |
| a) Opening balance | 1,554 | 838 | 818 |
| b) Provisions made during the year | 2,003 | 1,011 | 553 |
| c) Write-off / write-back of excess provisions | (681) | (295) | (533) |
| d) Closing balance | 2,876 | 1,554 | 838 |

**38.12 Disclosure of Customers Complaints :**

| | Particulars | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|---|
| a | No. of complaints pending at the beginning of the year | 1 | 1 | - |
| b | No. of complaints received during the year | 23 | 22 | 21 |
| c | No. of complaints redressed during the year | 24 | 22 | 20 |
| d | No. of complaints pending at the end of the year | - | 1 | 1 |

**38.13 Details of Off Balance Sheet Assets :**

The Company has provided bank guarantees amounting to ₹ 88 (P.Y ₹ 88) to various VAT authorities

**38.14 Encumbrances of fixed deposits held by Company :**

The Company has lien marked fixed deposits with Bank amounting to ₹ 88 for obtaining above guarantees

**38.15 Registration obtained from other financial sector regulators**

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

**38.16 Penalties imposed by RBI and other regulators**

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

**38.17 Financing of parent company product**

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

**38.18 Investments**

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

**38.19 Derivative**

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

**38.20 Securitisation**

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

| Particulars | Current year | Previous year |
|---|---|---|
| Number of accounts | - | 103 |
| Aggregate value (net of provisions) of accounts sold | - | 3,941 |
| Aggregate consideration | - | 3,941 |
| Additional consideration realized in respect of accounts transferred in | - | - |
| Aggregate gain/ loss over net book value | - | 306 |

**38.21 Purchasing or selling of Non Performing assets**

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

**38.22 Exposure to capital market**

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

**38.23 Overseas assets**

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

**38.24 Off Balance Sheet SPVs**

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

**38.25 Details of Fraud :**

During the year, the Company has reported frauds ₹ Nil (Previous year : ₹ 75,41,000) based on management reporting to risk committee and to the RBI through prescribed returns.

**ORIX Leasing and Financial Services India Limited**
**Notes to the financial statements (Continued)**
for the year ended 31 March 2020

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

**Note:- 37 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-20 | Ownership interest 31-Mar-19 | Ownership interest 31-Mar-18 |
|---|---|---|---|---|---|
| ORIX Auto Infrastructure Services Limited | Immediate holding company | India | 99.9999% | 99.9999% | 99.9999% |
| ORIX Corporation | Ultimate holding company | Japan | 0.00% | 0.00% | 0.00% |
| Infrastructure Leasing And Financial Services Ltd | Fellow Subsidary | India | 0.00% | 0.00% | 0.00% |

**(B) Key management personnel**

Harukazu Yamaguchi - Directors
Sandeep Gambhir - Managing Director
Ikuo Nakamura - Directors
Kiyokazu Ishinabe - Directors
Ryohei Suzuki - Directors
Vivek Wadhera - CFO
Abhay Kakkar - Directors
Nagesh Dubey - Directors
Rajeev Sath - Directors
Gouri Sawant - Directors

**Details of related party transaction during the year are given below: (Continued)**

| Particulars | Immediate holding company | Ultimate Holding Company | Key management personnel | Fellow subsidary |
|---|---|---|---|---|
| Management Charges | 259<br>(259) | -<br>(-) | -<br>(-) | -<br>(-) |
| Interest Expenses | 73<br>(74) | -<br>(-) | -<br>(-) | -<br>(-) |
| Interest Expenses on ECB | -<br>(-) | 548<br>(-) | -<br>(-) | -<br>(-) |
| Bank guarantee fees | -<br>(-) | 181<br>(123) | -<br>(-) | -<br>(-) |
| Reimbursement of Salary | -<br>(-) | -<br>(29) | -<br>(-) | -<br>(-) |
| Rent Expense | 134<br>(134) | -<br>(-) | -<br>(-) | -<br>(-) |
| Reimbursement of Expenses Received | -<br>(-) | 186<br>(152) | -<br>(-) | -<br>(-) |
| ECB borrowing | -<br>- | 10,000<br>(-) | -<br>(-) | -<br>(-) |
| Commitment Charges | -<br>- | 12<br>- | -<br>(-) | -<br>(-) |
| Finance lease assets | 462<br>(346) | -<br>(-) | -<br>(-) | -<br>(-) |
| Interest Income on Finance Lease | 46<br>(20) | -<br>(-) | -<br>(-) | -<br>(-) |
| Cost reimbursement paid to | 23<br>(24) | -<br>(-) | -<br>(-) | -<br>(-) |
| Adavance given for Software cost | 16<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) |
| Adavance receive for Software cost | 144<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) |
| Director sitting fees | -<br>(-) | -<br>(-) | 9<br>(10) | -<br>(-) |
| Remuneration to KMP | -<br>(-) | -<br>(-) | 18<br>(86) | -<br>(-) |
| Loans & receivables (Net off ECL) | -<br>(-) | -<br>(-) | -<br>(-) | 4<br>(35) |
| Income from finance lease | -<br>(-) | -<br>(-) | -<br>(-) | 1<br>(9) |

Figures in brackets relate to previous year

Note:- 37 (Continued)

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 subsidary |
|---|---|---|---|---|
| Net Payable | 672 | 0 | 0 | 0 |
| | (952) | (-) | (-) | (-) |
| | (741) | (-) | (-) | (-) |
| Payable | | | | |
| Management Charges | 93 | 0 | 0 | 0 |
| | (70) | (-) | (-) | (-) |
| | (70) | (-) | (-) | (-) |
| Rent Expense | 48 | 0 | 0 | 0 |
| | (36) | (-) | (-) | (-) |
| | (36) | (-) | (-) | (-) |
| Cost reimbursement | 10 | 0 | 0 | 0 |
| | (6) | (-) | (-) | (-) |
| | (11) | (-) | (-) | (-) |
| Adavance receive for Software cost | 84 | 0 | 0 | 0 |
| | (-) | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Other payable | 371 | 0 | 0 | 0 |
| | (952) | (-) | (-) | (-) |
| | (741) | (-) | (-) | (-) |
| Receivable | | | | |
| Service fees towards provide staffing and advisory | | 204 | - | - |
| | (-) | (110) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Payable | - | 10,241 | - | - |
| | (-) | (66) | (-) | (-) |
| | (-) | (33) | (-) | (-) |
| ECB borrowing | - | 10,000 | - | - |
| | (-) | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Interest on ECB borrowing | - | 155 | - | - |
| | (-) | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Bank Guarantee fees | - | 84 | - | - |
| | (-) | (66) | (-) | (-) |
| | (-) | (33) | (-) | (-) |
| Commitment Charges | - | 2 | - | - |
| | (-) | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Payable towards Director sitting fees | | | | |
| Abhay Kakkar | - | - | 1 | - |
| | (-) | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Nagesh Dubey | - | - | 1 | - |
| | (-) | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Rajeev Seth | - | - | 1 | - |
| | (-) | (-) | (-) | (-) |
| | (-) | (-) | (-) | (-) |
| Receivable | | | | |
| Infrastructure Leasing And Financial Services Ltd | - | | - | 1 |
| | (-) | (-) | (-) | (3) |
| | (-) | (-) | (-) | (10) |

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 2020
*(All amounts are in INR Lakhs, except as stated )*

**Note:- 38**
**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 ₹ 10) 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 ₹ 153 (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, 2020. 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 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| | | Gratuity Funded | |
| Defined benefit obligation | 348 | 310 | 243 |
| Fair value of plan assets | 342 | 289 | 272 |
| **Net defined benefit (obligation)/assets** | 6 | 21 | (29) |
| Non-current | - | - | - |
| Current | 6 | 21 | (29) |

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 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| | | Gratuity Funded | |
| **Defined benefit obligation** | | | |
| Opening balance | 310 | 243 | 201 |
| Current service cost | 53 | 39 | 32 |
| Interest cost (income) | 24 | 19 | 15 |
| | 387 | 301 | 248 |
| Included in OCI | | | |
| Financial assumptions | 35 | 4 | (17) |
| Experience adjustment | (26) | 47 | 21 |
| | 396 | 352 | 252 |
| Other | | | |
| Contributions paid by the employer | (49) | (42) | (9) |
| Closing balance | 347 | 310 | 243 |
| **Fair value of plan asset** | | | |
| Opening balance | 289 | 272 | 180 |
| Interest income | 23 | 22 | 13 |
| | 312 | 294 | 193 |
| Included in OCI | | | |
| Remeasurement gain (loss): | | | |
| Demographic assumptions | | | |
| Return on plan assets excluding interest income | (16) | (1) | (2) |
| | 296 | 293 | 191 |
| Other | | | |
| Contributions paid by the employer | 94 | 38 | 90 |
| Benefits paid | (48) | (42) | (9) |
| Closing balance | 342 | 289 | 272 |
| **Represented by** | | | |
| Net defined benefit asset | | - | 29 |
| Net defined benefit liability | 6 | 21 | |
| | 6 | 21 | 29 |

**C. Plan assets**
Plan assets comprise the following :

| | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| | | Gratuity Funded | |
| Investment in scheme of insurance | 100% | 100% | 100% |

Note:- 38 (Continued)

**D. Defined benefit obligations**
**i. Actuarial assumptions**

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

| | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Discount rate | 6.89% | 7.94% | 8.06% |
| Expected rate of return on plan assets | 6.89% | 7.94% | 8.06% |
| Salary escalation | 7.00% | 7.00% | 7.00% |
| Mortality post retirement | Indian Assured Lives Mortality (2006-08) (modified) Ultimate | 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% | 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 2020 | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Opening Balance | 21 | (29) | 22 |
| Expenses Recognized in the Statement of Profit or Loss | 55 | 37 | 34 |
| Expenses Recognized in OCI | 24 | 52 | 5 |
| (Employer benefits) | (94) | (39) | (90) |
| Net liability/Asset recognised in the balance sheet | 5 | 21 | (29) |

**F. Expenses recognized in Statement of Profit & loss**

| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Expenses Recognized in the Statement of Profit or Loss for Current Period | | | |
| Current Service Cost | 53 | 39 | 32 |
| Net Interest Cost | 2 | (2) | 2 |
| Expenses Recognized | 55 | 37 | 34 |

**G. Expenses recognized in Other Comprehensive Income (OCI)**

| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period | | | |
| Actuarial (Gains)/Losses on Obligation For the Period | 9 | 51 | 3 |
| Return on Plan Assets, Excluding Interest Income | 15 | 1 | 2 |
| Net (Income)/Expense For the Period Recognized in OCI | 24 | 52 | 5 |

**H. Reconciliation of OCI**

| Gratuity | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Opening Balance | 92 | 58 | 54 |
| Acturies losses during the year | 18 | 34 | 4 |
| Balance end of the year | 110 | 92 | 58 |

**I. Other Details**

| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Prescribed contribution for next years (12 months) | 63 | 74 | 10 |

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

| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Projected benefits payable in future years from the date of reporting | | | |
| 1st following Year | 8 | 17 | 22 |
| 2nd following Year | 9 | 7 | 14 |
| 3rd following Year | 19 | 9 | 8 |
| 4th following Year | 25 | 19 | 7 |
| 5th following Year | 21 | 24 | 16 |
| Sum of years 6 to 10 | 143 | 138 | 101 |

**K. Sensitivity analysis**

| | 31 March 2020 | | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| | Gratuity | | Gratuity | | Gratuity | |
| Discount rate (1% movement) | (33) | 39 | (28) | 33 | (21) | 24 |
| Future salary growth (1% movement) | 38 | (33) | 33 | (29) | 24 | (21) |
| Mortality post retirement | (2) | 2 | 0 | (1) | 1 | (1) |

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

**III. Other long term employee benefits.**
Compensated absences are payable to employees. The charge towards compensated absences for the year ended 31 March 2020 based on actuarial valuation using the projected accrued benefit method is ₹.135.53 (previous year ₹ 163.05).

**ORIX Leasing & Financial Services India Limited**
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**Note:- 30**

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

| | March 31, 2020 | | | March 31, 2019 | | | March 31, 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Assets** | | | | | | | | | |
| Cash and bank balances | 3,766 | | 3,766 | 1,374 | | 1,374 | 446 | - | 446 |
| Bank Deposits | - | 86 | 86 | 73 | 6 | 79 | 72 | 3 | 75 |
| Loans | 46,420 | 1,98,264 | 2,44,684 | 44,690 | 2,08,671 | 2,53,361 | 44,650 | 1,48,032 | 1,92,683 |
| Trade receivable | 880 | | 880 | 280 | | 280 | 100 | - | 100 |
| Security deposits Premises | | 34 | 34 | - | 34 | 34 | - | 22 | 22 |
| Retained Interest on Loan Assigned | | 563 | 563 | - | 706 | 706 | - | - | |
| Other Deposits | 39 | 10 | 49 | 394 | 22 | 416 | 250 | 5 | 255 |
| Loans and advances to employees | 7 | | 7 | 9 | - | 9 | 4 | | 4 |
| Advances to suppliers of goods and services | 418 | | 418 | 268 | - | 268 | 298 | | 298 |
| Other Advances | 1,096 | 1,260 | 2,356 | 484 | 676 | 1,160 | 34 | | 34 |
| Inventories | 19 | | 19 | 55 | | 65 | 12 | - | 12 |
| Tax payments less provisions | - | 1,438 | 1,438 | - | 997 | 997 | - | 163 | 163 |
| Deferred Tax Asset | - | 5,454 | 5,454 | - | 7,055 | 7,055 | - | 7,316 | 7,316 |
| Prepaid Expenses | 182 | 237 | 419 | 220 | 52 | 273 | 189 | 107 | 296 |
| Balances with Government authorities | 3,786 | 53 | 3,839 | 5,048 | 48 | 5,096 | 2,245 | 46 | 2,291 |
| Capital Advances | 380 | - | 380 | 375 | | 376 | 189 | | 189 |
| Other assets | | | - | 0 | | 0 | 29 | | 29 |
| Property, plant and equipment | | 2,464 | 2,464 | | 2,938 | 2,936 | - | 1,920 | 1,920 |
| Right-of-use assets | | 308 | 308 | | 423 | 423 | | - | 551 |
| Other intangible assets | | 86 | 86 | | 111 | 111 | | 158 | 158 |
| **Liabilities** | | | | | | | | | |
| Trade Payables | 2,106 | | 2,106 | 2,805 | | 2,805 | 101 | | 101 |
| Debt Securities | 20,000 | | 20,000 | 32,000 | 20,000 | 52,000 | | 52,000 | 52,000 |
| Borrowings | 72,123 | 1,11,221 | 1,83,344 | 76,158 | 85,564 | 1,61,722 | 59,272 | 43,555 | 1,02,827 |
| Security deposits from lessees | 307 | 942 | 1,249 | 257 | 1,138 | 1,395 | 105 | 518 | 623 |
| Other Payables to Employees | 218 | | 218 | 329 | | 329 | 232 | | 232 |
| Payable in respect of loans assigned | 83 | | 83 | 297 | | 297 | - | | - |
| Other Payables | 321 | | 321 | 245 | | 245 | 353 | | 353 |
| Advance from customers | 1,505 | | 1,505 | 1,603 | | 1,603 | 977 | | 977 |
| Lease liabilities | 147 | 201 | 348 | 128 | 324 | 452 | - | | |
| Current tax liabilities (Net) | 116 | - | 116 | 38 | - | 38 | 143 | | 143 |
| Provision for Compensated absences | 12 | 130 | 142 | 33 | 151 | 184 | 11 | 112 | 123 |
| Other provisions | 16 | - | 16 | 9 | - | 9 | 2 | | 2 |
| Lease Equalisation | - | - | | - | 0 | 0 | | 0 | 0 |
| Deferred Income-Securities deposit | - | 325 | 325 | - | 301 | 301 | | 114 | 114 |
| Statutory remittances (Contributions to PF, withholding | 146 | | 146 | 159 | | 159 | 193 | | 193 |

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

**Note:- 40**

**Concentration of Credit Risk**

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

**Concentration by Geographical region in India:**

| As at March 31, 2020 | East | West | North | South | Total |
|---|---|---|---|---|---|
| Loan against Hypothecation of Vehicles | - | 6,452 | 27,438 | 2,369 | **36,259** |
| 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 | 67,832 | 96,038 | 77,122 | **2,49,371** |
| | | | | | |
| **As at March 31, 2019** | **East** | **West** | **North** | **South** | **Total** |
| Loan against Hypothecation of Vehicles | - | 8,777 | 43,717 | 4,179 | **56,673** |
| Loan against Property | 4,386 | 49,427 | 54,908 | 47,495 | **1,56,216** |
| Finance Lease Receivables | 4,495 | 12,050 | 10,998 | 15,977 | **43,520** |
| **Total** | 8,881 | 70,254 | 1,09,623 | 67,651 | **2,58,408** |
| | | | | | |
| **As at March 31, 2018** | **East** | **West** | **North** | **South** | **Total** |
| Loan against Hypothecation of Vehicles | 7 | 7,738 | 48,679 | 5,465 | **61,889** |
| Loan against Property | - | 31,602 | 37,389 | 30,300 | **99,291** |
| Finance Lease Receivables | 217 | 2,273 | 4,140 | 26,847 | **33,477** |
| **Total** | 224 | 41,613 | 90,208 | 62,612 | **1,94,657** |

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**Note:- 41**

**Maximum Exposure to credit Risk**
The maximum exposure to credit risk of advances is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

Narrative Description of Collateral
Collateral primarily include vehicles for Commercial Vehicle Loans and Finance Lease; whereas for Loan against property collateral includes property.

Quantitative Information of Collateral
The value of the collateral for Commercial Vehicle Loan is derived by writing down the asset cost at origination by 16.66% p.a on straight-line basis.
The value of the collateral for Finance Lease is derived by writing down the asset cost at origination by 20% p.a on straight-line basis.
The value of the collateral for Loan against property is based on valuation of property at the time of loan.

Fair value of collateral and credit risk enhancements held

| As at March 31, 2020 | Exposure to the risk | Vehicles | Land & Building | Deposits from Lessees | Total Collateral | Net Exposure | ECL |
|---|---|---|---|---|---|---|---|
| Loan against Hypothecation of Vehicles | 36,259 | 49,635 | | | 49,635 | -13,376 | (2,265) |
| Loan against Property | 1,66,451 | | 4,38,354 | | 4,38,354 | -2,71,903 | (1,699) |
| Finance Lease Receivables | 46,661 | 46,033 | | 1,249 | 47,282 | -621 | (723) |
| Total | 2,49,371 | 95,668 | 4,38,354 | 1,249 | 5,35,271 | -2,85,900 | (4,687) |

The above table includes advances and outstanding

| As at March 31, 2019 | Exposure to the risk | Vehicles | Land & Building | Deposits from Lessees | Total Collateral | Net Exposure | ECL |
|---|---|---|---|---|---|---|---|
| Loan against Hypothecation of Vehicles | 56,673 | 76,265 | | | 76,265 | -19,592 | (1,076) |
| Loan against Property | 1,56,216 | | 4,05,210 | | 4,05,210 | -2,48,994 | (828) |
| Finance Lease Receivables | 43,520 | 30,746 | | 1,395 | 32,141 | 11,379 | (1,144) |
| Total | 2,56,409 | 1,07,011 | 4,05,210 | 1,395 | 5,13,616 | -2,57,207 | (3,048) |

The above table includes advances and outstanding.

| As at March 31, 2018 | Exposure to the risk | Vehicles | Land & Building | Deposits from Lessees | Total Collateral | Net Exposure | ECL |
|---|---|---|---|---|---|---|---|
| Loan against Hypothecation of Vehicles | 61,889 | 60,698 | | | 60,698 | -18,809 | (631) |
| Loan against Property | 99,291 | | 2,25,425 | | 2,25,425 | -1,26,134 | (414) |
| Finance Lease Receivables | 33,477 | 13,048 | | 623 | 13,671 | 19,806 | (729) |
| Total | 1,94,657 | 93,746 | 2,25,425 | 623 | 3,19,794 | -1,25,137 | (1,774) |

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 2020
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Note:- 42

**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, 2020 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Loan against Hypothecation of Vehicles | 24,212 | 4,352 | 7,695 | 36,259 |
| Loan against Property | 1,34,902 | 24,015 | 7,534 | 1,66,451 |
| Finance Lease Receivables | 33,850 | 11,335 | 1,476 | 46,661 |
| Trade receivable | 111 | 106 | 505 | 722 |
| Total | 1,93,075 | 39,808 | 17,210 | 2,50,093 |

The above table includes advances and outstanding.

| | As at March 31, 2019 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Loan against Hypothecation of Vehicles | 49,867 | 3,869 | 3,097 | 56,873 |
| Loan against Property | 1,47,780 | 4,295 | 4,141 | 1,56,216 |
| Finance Lease Receivables | 39,335 | 3,549 | 636 | 43,520 |
| Trade receivable | 54 | 142 | 101 | 297 |
| Total | 2,36,856 | 11,875 | 7,975 | 2,56,706 |

The above table includes advances and outstanding.

| | As at March 31, 2018 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Loan against Hypothecation of Vehicles | 58,555 | 2,162 | 1,172 | 61,889 |
| Loan against Property | 95,784 | 2,141 | 1,366 | 99,291 |
| Finance Lease Receivables | 18,524 | 12,234 | 2,719 | 33,477 |
| Trade receivable | 28 | 28 | 49 | 105 |
| Total | 1,72,891 | 16,565 | 5,306 | 1,94,762 |

The above table includes advances and outstanding.

**ORIX Leasing and Financial Services India Limited**
Notes to the financial statements (Continued)
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**Note:- 43**

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

a) The Company will not reassess whether a contract is or contains a lease Accordingly, the definition of lease in accordance with Ind AS 17 will continue to be applied to lease contracts entered by the Company or modified by the Company before April 1, 2018,

b) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment Consequently, the Company has recorded its lease liability using the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted using the incremental borrowing rate at the date of initial application,

c) The Company does not recognize RoU assets and lease liabilities for leases with less than twelve months of lease term and low value assets 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.

**IND AS 116 disclosure**

| Particular | As at 31 March, 2020 | As at 31 March, 2019 |
|---|---|---|
| Depreciation charge of ROU | 146 | 128 |
| Interest expenses on lease liability | 35 | 38 |
| Expenses for short term leases | 200 | 209 |
| Expenses for low value leases | - | - |
| Cash outflow of leases during the year | 169 | 137 |
| additions to ROU during the year | 30 | 551 |
| Carrying amount of ROU as at | 308 | 423 |
| | | |
| Maturity analysis of lease liability | | |
| Less than 6 months | 74 | 61 |
| 6-12 months | 73 | 67 |
| 1-2 years | 77 | 140 |
| 2-5 years | 110 | 155 |
| More than 5 years | 14 | 29 |
| **Total** | **348** | **452** |

## ORIX Leasing and Financial Services India Limited

Notes to the financial statements (Continued)
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Note:- 44

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

| 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 | (1,196) |
| | Stage 2 | 40,452 | 1,191 | 39,261 | 195 | 996 |
| Subtotal | | 2,33,159 | 1,812 | 2,31,347 | 2,012 | (200) |
| Non-Performing Assets (NPA) | | | | | | |
| Substandard | Stage 3 | 10,523 | 1,936 | 8,587 | 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 | 1,177 | 453 | (230) |
| More than 3 years | Stage 3 | 126 | 31 | 95 | 90 | (59) |
| Subtotal for doubtful | | 4,938 | 859 | 4,079 | 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 | 108 | 0 | 108 | | 0 |
| | Stage 3 | 505 | 60 | 445 | | 60 |
| Subtotal | | 6,660 | 94 | 6,566 | - | 94 |
| Total | Stage 1 | 1,98,754 | 655 | 1,98,099 | 1,817 | (1,162) |
| | Stage 2 | 40,560 | 1,191 | 39,369 | 195 | 996 |
| | Stage 3 | 16,275 | 2,936 | 13,339 | 2,643 | 293 |
| | Total | 2,55,589 | 4,782 | 2,50,807 | 4,655 | 127 |

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 2020, 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 NPAs is not permitted under IRACP norms.

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

Note:- 45

**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 31,2020

| Particular | As at 31 March, 2020 |
|---|---|
| Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended | 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 * | 1,060 |
| Provisions adjusted during the respective accounting periods against slippages and the residual provisions | - |

* 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 taken

## ORIX Leasing and Financial Services India Limited

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Note:- 46

### Finance 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 RV committee RV committee meets on a periodic basis and determines the RV 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 RV risk is taken care of

| | As at 31 March, 2020 | As at 31 March, 2019 | As at 31 March, 2018 |
|---|---|---|---|
| Finance lease income | 6,561 | 5,285 | 4,441 |
| Net investment in finance lease | 44,215 | 41,575 | 29,722 |

**Category of lease**

| | As at 31 March, 2020 | As at 31 March, 2019 | As at 31 March, 2018 |
|---|---|---|---|
| Vehicle | 35,820 | 34,873 | 28,253 |
| Equipment | 8,393 | 6,897 | 1,523 |
| Two Wheeler | 112 | 82 | |
| Furniture & Fixture | 62 | | |
| | 44,377 | 41,652 | 29,776 |

**Movement of net investment in finance lease**

| | As at 31 March, 2020 | As at 31 March, 2019 | As at 31 March, 2018 |
|---|---|---|---|
| Opening balance | 41,575 | 29,722 | 34,002 |
| Net addition | 2,640 | 11,853 | (4,280) |
| Net closing of net investment in finance lease | 44,215 | 41,575 | 29,722 |

Addition to lease are net off of deletion

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

| | As at 31 March, 2020 | | As at 31 March, 2019 | | As at 31 March, 2018 | |
|---|---|---|---|---|---|---|
| | Gross investment in lease | Net present value of MLP | Gross investment in lease | Net present value of MLP | Gross investment in lease | Net present value of MLP |
| Less than one year | 22,846 | 17,291 | 20,432 | 15,376 | 14,610 | 11,127 |
| Between one and five years | 31,626 | 27,086 | 31,239 | 26,414 | 21,871 | 18,598 |
| More than five years | - | - | - | - | - | - |
| | 54,472 | 44,377 | 51,671 | 41,790 | 36,481 | 29,725 |

### 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 No vehicles were retired during the year. Any contingent rent is not considered as part of MLP 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 RV committee RV committee meets on a periodic basis and determines the RV that are offered for each model
In case of Operating lease transaction RV committee decides the residual value of each asset class The Company has adequate expertise, data and resources to estimate the RVs at the inception of lease and manage the sale process at the end of lease tenor
Operating leases rental:

| | As at 31 March, 2020 | As at 31 March, 2019 | As at 31 March, 2018 |
|---|---|---|---|
| Operating leases rental | 978 | 815 | 442 |
| Total | 978 | 815 | 442 |

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

| | As at 31 March, 2020 | As at 31 March, 2019 | As at 31 March, 2018 |
|---|---|---|---|
| Less than one year | 917 | 946 | 534 |
| Between one and five years | 787 | 1,581 | 1,286 |
| More than five years | - | - | - |
| Total | 1,704 | 2,527 | 1,820 |

**ORIX Leasing and Financial Services India Limited**
**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**Note - Note:- 47**
**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, install ment 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 2020 or 31st March 2019 or 31st March 2018

**ORIX Leasing and Financial Services India L**
**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except stated)*

**Note:- 48**

**1. 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, 2020<br>INR actual | Carrying value | Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Loans | | | | | |
| Cash and cash equivalents | 3,854 | 3,854 | | | 3,854 |
| Loan against Hypothecation of vehicle | 33,994 | | 31,967 | | 31,967 |
| Loan against Property | 1,64,752 | | 1,64,752 | | 1,64,752 |
| Finance Leases | 45,937 | | 41,716 | | 41,716 |
| Trade receivable | 660 | | 660 | | 660 |
| Security deposits Premises | 34 | | 34 | | 34 |
| Sundry Deposits | 39 | | 39 | | 39 |
| Retained Interest on Loan Assigned | 563 | | 563 | | 563 |
| Advances to suppliers of goods and services | 116 | | 116 | | 116 |
| Other Deposits | 10 | | 10 | | 10 |
| Loans and advances to employees | 7 | | 7 | | 7 |
| Other Advances | 2,356 | | 2,356 | | 2 356 |
| | 2,42,322 | 3,854 | 2,42,220 | - | 2,46,074 |
| **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 | 673 | | 673 | | 673 |
| 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 | 218 | | 218 | | 218 |
| Payable in respect of loans assigned | 83 | | 83 | | 83 |
| Other payables | 321 | | 321 | | 321 |
| Advance from customers | 1,505 | | 1,505 | | 1,505 |
| Lease liabilities | 348 | | 348 | | 348 |
| | 2,09,174 | - | 1,91,249 | - | 1,91,249 |

| March 31, 2019<br>INR actual | Carrying value | Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Non Current | | | | | |
| Loans | | | | | |
| Cash and cash equivalents | 1,448 | 1,448 | | | 1,448 |
| Loan against Hypothecation of vehicle | 55,597 | | 54,195 | | 54,195 |
| Loan against Property | 1,55,389 | | 1,55,389 | | 1,55,380 |
| Finance Leases | 42,375 | | 34,116 | | 34,116 |
| Trade receivable | 280 | | 280 | | 280 |
| Security deposits Premises | 34 | | 34 | | 34 |
| Security Deposits | 394 | | 394 | | 394 |
| Retained Interest on Loan Assigned | 706 | | 706 | | 706 |
| Advances to suppliers of goods and services | 156 | | 156 | | 156 |
| Other Deposits | 22 | | 22 | | 22 |
| Loans and advances to employees | 9 | | 9 | | 9 |
| Bank Deposits maturity more than 12 months | 6 | | 6 | | 6 |
| Other Advances | 1,160 | | 1,160 | | 1,160 |
| | 2,57,678 | 1,448 | 2,46,468 | - | 2,47,916 |
| **Financial liabilities** | | | | | |
| Trade payables | 2,805 | | 2,805 | | 2,805 |
| Non-convertible Debentures | 52,000 | | 49,401 | | 49,401 |
| Term Loan | 1,20,690 | | 1,11,396 | | 1,11,396 |
| Masala Bond | 10,000 | | 10,000 | | 10,000 |
| ECB Borrowing from Bank | 7,500 | | 7,500 | | 7,500 |
| Cash Credit | 7,436 | | 7,436 | | 7,436 |
| Overdraft facilities | 12,171 | | 12,171 | | 12,171 |
| Loans from Related Parties | 952 | | 952 | | 952 |
| Interest accrued but not due on borrowings | 2,973 | | 2,973 | | 2,973 |
| Security Deposits From Lessees | 1,395 | | 1,395 | | 1,395 |
| Other Payables to Employees | 329 | | 329 | | 329 |
| Payable in respect of loans assigned | 297 | | 297 | | 297 |
| Other Payables | 245 | | 245 | | 245 |
| Advance from customers | 1,603 | | 1,603 | | 1,603 |
| Lease liabilities | 452 | | 452 | | 452 |
| | 2,20,648 | - | 2,08,956 | - | 2,08,956 |

Note:- 48 (Continued)

| March 31, 2016<br>INR actual | Carrying value | Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| **Financial Assets measured at Amortised Cost** | | | | | |
| Cash and cash equivalents | 520 | 520 | | | 520 |
| Loan against Hypothecation of vehicle | 61,258 | | 60,486 | | 60,486 |
| Loan against Property | 96,877 | | 96,877 | | 96,877 |
| Finance Leases | 32,748 | | 24,704 | | 24,704 |
| Trade receivable | 100 | | 100 | | 100 |
| Security deposits Premises | 22 | | 22 | | 22 |
| Sundry Deposits | 250 | | 250 | | 250 |
| Advances to suppliers of goods and services | 208 | | 208 | | 208 |
| Other Deposits | 5 | | 5 | | 5 |
| Loans and advances to employees | 4 | | 4 | | 4 |
| Bank Deposits maturity more than 12 months | 3 | | 3 | | 3 |
| Other Advances | 34 | | 34 | | 34 |
| | - | | - | | - |
| Other Current Financial Assets | - | | - | | - |
| **Total** | **1,94,027** | **520** | **1,84,691** | **-** | **1,85,211** |
| **Financial Liabilities measured at Amortised Cost** | | | | | |
| Trade payables | 101 | | 101 | | 101 |
| Non-convertible Debentures | 52,000 | | 49,401 | | 49,401 |
| Term Loan | 69,739 | | 49,323 | | 49,323 |
| Masala Bond | 10,000 | | 10,000 | | 10,000 |
| ECB Borrowing from Bank | 7,500 | | 7,500 | | 7,500 |
| Cash Credit | 10,741 | | 10,741 | | 10,741 |
| Overdraft facilities | 1,203 | | 1,203 | | 1,203 |
| Loans from Related Parties | 741 | | 741 | | 741 |
| Interest accrued but not due on borrowings | 2,903 | | 2,903 | | 2,903 |
| Security Deposits From Lessees | 623 | | 623 | | 623 |
| Other Payables to Employees | 232 | | 232 | | 232 |
| Other payable | 353 | | 353 | | 353 |
| Advance from customers | 977 | | 977 | | 977 |
| Lease liabilities | 551 | | 551 | | 551 |
| **Total** | **1,57,664** | **-** | **1,34,649** | **-** | **1,34,649** |

(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

a. 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.

b. 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)**
*(All amounts are in INR Lakhs, except as stated)*
**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. Interst 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, 2020 | March 31, 2019 | March 31, 2018 |
| **Interest bearing financial liabilities** | | | | |
| **Fixed rate borrowings** | | | | |
| Non-convertible Debentures | | 20,000 | 52,000 | 52,000 |
| Term Loan | | 63,000 | 36,155 | 35,814 |
| Security Deposits | | 1,249 | 1,395 | 623 |
| | **Total** | 84,249 | 89,550 | 88,437 |
| **Variable rate borrowings** | | | | |
| Term Loan | | 1 17,966 | 1,02,035 | 51,425 |
| Cash Credit | | 198 | 7,436 | 10,741 |
| Overdraft Facilities | | 7 | 12,171 | 1,203 |
| Loans and advances from related party | | 673 | 952 | 741 |
| Interest accrued but not due on borrowings | | 1,500 | 2,973 | 2,903 |
| | **Total** | 1,20,344 | 1,25,567 | 67,013 |
| **Interest bearing financial assets** | | | | |
| **Fixed rate assets** | | | | |
| Deposit with original maturity of more than 3 months but residual maturity of less than 12 months | | 88 | 74 | 72 |
| Loan against Hypothecation of vehicle | | 33,994 | 55,597 | 61,258 |
| Finance Leases | | 45,938 | 42,375 | 32,748 |
| Trade receivable | | 660 | 280 | 99 |
| Bank Deposits maturity more than 12 months | | - | 6 | 3 |
| Loans and advances to employees | | 7 | 9 | 4 |
| Security Deposits | | 34 | 34 | 22 |
| Other Deposits | | 49 | 416 | 255 |
| | **Total** | 80,770 | 98,791 | 94,461 |
| **Variable rate assets** | | | | |
| Loan against Property | | 1,64,752 | 1,55,389 | 98,877 |
| | **Total** | 1,64,752 | 1,55,389 | 98,877 |

**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

| | Profit or (loss) | |
|---|---|---|
| **INR** | **100 bp increase** | **100 bp decrease** |
| **March 31, 2020** | | |
| Variable-rate instruments | 444 | (444) |
| **Cash flow sensitivity (net)** | 444 | (444) |

| | | |
|---|---|---|
| **INR** | **100 bp increase** | **100 bp decrease** |
| **March 31, 2019** | | |
| Variable-rate instruments | 298 | (298) |
| **Cash flow sensitivity (net)** | 298 | (298) |

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 period

**ORIX Leasing and Financial Services India Limited**
**Notes to the financial statements (continued)**
***(All amounts are in INR Lakhs, except as stated)***
**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 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, 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

Impact of Covid-19
The COVID 19 pandemic and the long-drawn lock-down has resulted in a significant decrease in the economic activities globally as well as across our country. The extent of impact of COVID-19 on economic growth of the country is difficult to predict and will mainly depend on the future developments in containment of COVID-19 and the actions taken for resumption of operations which is highly uncertain. The Reserve Bank of India as a part of its measures to support and boost the economy has vide its notifications titled "COVID-19 Regulatory Package" dated 27 March, 2020 and 17 April 2020 directed all Banks, NBFCs and other financial institutions to grant moratorium of three months on the payment of all instalments and/or interest as applicable to all eligible borrowers.
Based on the moratorium plan rolled out by the Company and other information available up to the date of approval of these financial results/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

The final impact of the global health pandemic is very 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 results/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 receivables | 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% |
| 2020 (%) | 7 | 8 | 5 |
| 2021 (%) | 7 | 8 | 5 |
| 2022 (%) | 7 | 8 | 5 |
| 2023 (%) | 7 | 8 | 5 |
| 2024 (%) | 7 | 8 | 5 |
| 2025 (%) | 6 | 7 | 6 |
| 2026 (%) | 6 | 7 | 6 |
| Subsequent years (%) | 6 | 7 | 7 |

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

***Policy for write-off of loan assets***

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

***i) Exposure at default and Loss allowance***

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

**Loan against Property**

| | 2020 | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|
| | EAD | ECL | EAD | ECL | EAD | ECL |
| Stage 1 | 1,34,435 | 170 | 1,47,230 | 21 | 95,512 | 20 |
| Stage 2 | 24,534 | 656 | 4,341 | 228 | 2 163 | 113 |
| Stage 3 | 6,945 | 873 | 4,143 | 578 | 1,377 | 280 |
| Total | 1,65,914 | 1,699 | 1,55,714 | 827 | 99,052 | 413 |

**Loan against Hypothecation of vehicle**

| | 2020 | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|
| | EAD | ECL | EAD | ECL | EAD | ECL |
| Stage 1 | 24,384 | 229 | 49,340 | 125 | 58,407 | 81 |
| Stage 2 | 4 466 | 231 | 3,920 | 115 | 2,180 | 67 |
| Stage 3 | 7 346 | 1,805 | 3,118 | 836 | 1,184 | 483 |
| Total | 36,196 | 2,265 | 56,378 | 1,076 | 61,771 | 631 |

**Finance Leases**

| | 2020 | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|
| | EAD | ECL | EAD | ECL | EAD | ECL |
| Stage 1 | 33,885 | 222 | 38,118 | [illegible] | 24 120 | 349 |
| Stage 2 | 11 451 | 304 | 3,410 | 265 | 9 293 | 305 |
| Stage 3 | 1,476 | 198 | 582 | 140 | 358 | 75 |
| Total | 46,817 | 724 | 42,110 | 1,144 | 33,771 | 729 |

| Trade receivable | 31st March 2020 | 31st March 2019 | 31st March 2018 |
|---|---|---|---|
| 0 DPD | | | |
| 1-60 DPD | 110 | 54 | 28 |
| 61-90 DPD | 106 | 142 | 28 |
| 90+ DPD | 505 | 101 | 49 |
| Total | 721 | 297 | 105 |
| Loss Allowance | 27 | 43 | 5 |

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

| Gross carrying amount<br>Loan against Hypothecation of Vehicles | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| Balance as at April 1, 2017 | 39,040 | 2,018 | 807 | 41 865 |
| Transfer to stage one | 512 | (495) | (17) | |
| Transfer to stage two | (1,602) | 1,602 | | |
| Transfer to stage three | (276) | (108) | 388 | |
| Net remeasurement of loss allowance | (12,131) | (790) | (114) | (13,035) |
| New financial assets originated or purchased | 38,029 | 770 | 336 | 39,135 |
| Financial assets that have been derecognised | (5,163) | (817) | (214) | (6,194) |
| Write – offs | | | | |
| **Balance as at March 31, 2018** | 58,407 | 2,180 | 1,184 | 61,771 |
| Transfer to stage one | 125 | (125) | | |
| Transfer to stage two | (4,191) | 4,191 | | |
| Transfer to stage three | (1,688) | (769) | 2,457 | |
| Net remeasurement of loss allowance | (15,735) | (1,498) | (412) | (17,645) |
| New financial assets originated or purchased | 19,969 | 638 | 167 | 20 774 |
| Financial assets that have been derecognised | (7,547) | (697) | (278) | (8,522) |
| Write – offs | | | | |
| **Balance as at March 31, 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 | (14,350) | (802) | (13) | (15,165) |
| 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** | 24,384 | 4,466 | 7,346 | 36,196 |

| Gross carrying amount<br>Loan against Property | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| Balance as at April 1, 2017 | 34,514 | 930 | 207 | 35 651 |
| Transfer to stage one | 241 | (241) | - | |
| Transfer to stage two | (1,011) | 1,011 | - | |
| Transfer to stage three | (519) | (245) | 765 | 1 |
| Net remeasurement of loss allowance | 39 | 35 | 90 | 164 |
| New financial assets originated or purchased | 70,521 | 746 | 315 | 71,582 |
| Financial assets that have been derecognised | (6 273) | (73) | - | (6,346) |
| Write – offs | - | - | - | |
| **Balance as at March 31, 2018** | 95,512 | 2,163 | 1,377 | 99,052 |
| Transfer to stage one | 390 | (390) | - | |
| Transfer to stage two | (3,293) | 3,293 | | |
| Transfer to stage three | (1,811) | (855) | 2 667 | 1 |
| Net remeasurement of loss allowance | (11,439) | 130 | 99 | (11,210) |
| New financial assets originated or purchased | 83,824 | | - | 83,824 |
| Financial assets that have been derecognised | (15,953) | | - | (15,953) |
| Write – offs | - | | - | - |
| **Balance as at March 31, 2019** | 1,47,230 | 4,341 | 4,143 | 1,55,714 |
| Transfer to stage one | 909 | (769) | (140) | |
| Transfer to stage two | (18,864) | 19,340 | (477) | (1) |
| Transfer to stage three | (2,973) | (976) | 3 949 | |
| Net remeasurement of loss allowance | (3,743) | (173) | 243 | (3,673) |
| 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** | 1,34,435 | 24,534 | 6,945 | 1,65,914 |

| Gross carrying amount<br>Finance Lease Receivables | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| Balance as at April 1, 2017 | | | | |
| Transfer to stage one | 30,153 | 2,364 | 2,383 | 34,900 |
| Transfer to stage two | 1,954 | (211) | (1,753) | - |
| Transfer to stage three | (12,507) | 13,099 | (292) | - |
| Net remeasurement of loss allowance | (770) | (53) | 823 | |
| New financial assets originated or purchased | (1,306) | (6,530) | (889) | (8,595) |
| Financial assets that have been derecognised | 9,792 | 1,234 | 117 | 11,143 |
| Write – offs | (2,906) | (450) | (21) | (3,377) |
| Balance as at March 31, 2018 | - | - | - | - |
| | 24,120 | 9,293 | 358 | 33,771 |
| Transfer to stage one | | | | |
| Transfer to stage two | 7,509 | (7,466) | (43) | |
| Transfer to stage three | (193) | 215 | (22) | |
| Net remeasurement of loss allowance | (89) | (123) | 212 | |
| New financial assets originated or purchased | 867 | 17 | 142 | 1,046 |
| Financial assets that have been derecognised | 14,839 | 1,610 | 86 | 16,535 |
| Write – offs | (8,955) | (136) | (151) | (9,242) |
| Balance as at March 31, 2019 | - | - | - | - |
| | 38,110 | 3,410 | 582 | 42,110 |
| Transfer to stage one | | | | |
| Transfer to stage two | 864 | (862) | (2) | |
| Transfer to stage three | (6,116) | 6,122 | (6) | - |
| Net remeasurement of loss allowance | (685) | (111) | 796 | - |
| New financial assets originated or purchased | (2,241) | (491) | 13 | (2,719) |
| Financial assets that have been derecognised | 4,591 | 3,599 | 132 | 8,322 |
| Write – offs | (643) | (216) | (37) | (896) |
| Balance as at March 31, 2020 | - | - | - | - |
| | 33,880 | 11,451 | 1,479 | 46,817 |

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

| Loan against Hypothecation of Vehicles | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
|---|---|---|---|---|
| Balance as at April 1, 2017 | | | | |
| Transfer to 12 month ECL | 86 | 59 | 486 | 613 |
| Transfer to Lifetime ECL not credit impaired | 2 | (2) | - | - |
| Transfer to Lifetime ECL credit impaired | (5) | 5 | - | - |
| Net remeasurement of loss allowance | (1) | (4) | 5 | - |
| New financial assets originated or purchased | (36) | 6 | 51 | 21 |
| Financial assets that have been derecognised | 48 | 25 | 114 | 187 |
| Write – offs | (15) | (22) | (153) | (190) |
| Balance as at March 31, 2018 | - | - | - | - |
| Transfer to 12 month ECL | 81 | 67 | 483 | 631 |
| Transfer to Lifetime ECL not credit impaired | - | - | - | - |
| Transfer to Lifetime ECL credit impaired | (8) | 8 | - | - |
| Net remeasurement of loss allowance | (4) | (27) | 30 | (1) |
| New financial assets originated or purchased | 29 | 70 | 385 | 484 |
| Financial assets that have been derecognised | 38 | 20 | 34 | 92 |
| Write – offs | (11) | (23) | (98) | (130) |
| Balance as at March 31, 2019 | - | - | - | - |
| Transfer to 12 month ECL | 125 | 115 | 836 | 1,076 |
| Transfer to Lifetime ECL not credit impaired | 5 | (5) | | |
| Transfer to Lifetime ECL credit impaired | (189) | 190 | (1) | |
| Net remeasurement of loss allowance | (834) | (381) | 1,215 | |
| New financial assets originated or purchased | 1,125 | 312 | 64 | 1 521 |
| Financial assets that have been derecognised | 16 | 20 | 37 | 73 |
| Write – offs | (19) | (20) | (366) | (405) |
| Balance as at March 31, 2020 | - | - | - | - |
| | 229 | 231 | 1,805 | 2,265 |

Write Offs - Loan against Hypothecation of Vehicles

| | 2019-20 | 2018-19 | 2017-18 |
|---|---|---|---|
| Amount of Loans written off during the period but still recoverable | 0 | 0 | 0 |

| Loan against Property | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
|---|---|---|---|---|
| Balance as at April 1, 2017 | | | | |
| Transfer to 12 month ECL | 2 | 19 | 36 | 57 |
| Transfer to Lifetime ECL not credit impaired | | - | - | - |
| Transfer to Lifetime ECL credit impaired | | - | - | - |
| Net remeasurement of loss allowance | | (7) | 7 | - |
| New financial assets originated or purchased | 3 | 62 | 196 | 261 |
| Financial assets that have been derecognised | 15 | 40 | 41 | 96 |
| Write – offs | | (1) | - | (1) |
| Balance as at March 31, 2018 | | - | - | - |
| Transfer to 12 month ECL | 20 | 113 | 280 | 413 |
| Transfer to Lifetime ECL not credit impaired | | | | |
| Transfer to Lifetime ECL credit impaired | (1) | 1 | | |
| Net remeasurement of loss allowance | - | (40) | 40 | |
| New financial assets originated or purchased | (7) | 149 | 263 | 405 |
| Financial assets that have been derecognised | 12 | 25 | - | 37 |
| Write – offs | (3) | (20) | (5) | (28) |
| Balance as at March 31, 2019 | | - | - | - |
| Transfer to 12 month ECL | 31 | 226 | 578 | 837 |
| Transfer to Lifetime ECL not credit impaired | 3 | (2) | (1) | - |
| Transfer to Lifetime ECL credit impaired | (446) | 481 | (35) | - |
| Net remeasurement of loss allowance | (362) | (121) | 483 | - |
| New financial assets originated or purchased | 916 | 82 | 21 | 1 019 |
| Financial assets that have been derecognised | 41 | 16 | - | 59 |
| Write – offs | (3) | (30) | (173) | (206) |
| Balance as at March 31, 2020 | - | - | - | - |
| | 170 | 658 | 873 | 1,699 |

Write Offs - Loan against Property

| | 2019-20 | 2018-19 | 2017-18 |
|---|---|---|---|
| Amount of Loans written off during the period but still recoverable | - | | - |

| Finance Lease Receivables | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
|---|---|---|---|---|
| Balance as at April 1, 2017 | 17 | | 370 | 387 |
| Transfer to 12 month ECL | 30 | | (30) | - |
| Transfer to Lifetime ECL not credit impaired | - | | - | - |
| Transfer to Lifetime ECL credit impaired | - | | - | - |
| Net remeasurement of loss allowance | 200 | 205 | (303) | 102 |
| New financial assets originated or purchased | 102 | 100 | 47 | 249 |
| Financial assets that have been derecognised | - | | (9) | (9) |
| Write – offs | - | | - | |
| Balance as at March 31, 2018 | 349 | 305 | 75 | 729 |
| Transfer to 12 month ECL | 216 | (210) | (6) | - |
| Transfer to Lifetime ECL not credit impaired | (3) | 3 | - | |
| Transfer to Lifetime ECL credit impaired | (2) | (6) | 7 | (1) |
| Net remeasurement of loss allowance | (25) | 50 | 45 | 70 |
| New financial assets originated or purchased | 277 | 125 | 65 | 467 |
| Financial assets that have been derecognised | (73) | (2) | (46) | (121) |
| Write – offs | - | - | - | |
| Balance as at March 31, 2019 | 739 | 265 | 140 | 1,144 |
| Transfer to 12 month ECL | 6 | (6) | - | |
| Transfer to Lifetime ECL not credit impaired | -146 | 146 | - | |
| Transfer to Lifetime ECL credit impaired | -68 | (11) | 80 | 1 |
| Net remeasurement of loss allowance | (321) | (181) | (26) | (628) |
| 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 |

**Write Offs - Finance Lease Receivables**

| | 2019-20 | 2018-19 | 2017-18 |
|---|---|---|---|
| Amount of Loans written off during the period but still recoverable | 0 | 0 | 0 |

**Security Deposits, CV lease and other advances**

| | 2019-20 | 2018-19 | 2017-18 |
|---|---|---|---|
| Opening balance | 50 | 5 | 138 |
| Net impairment loss recognised | 44 | 45 | 3 |
| Balance written back | | | 136 |
| Closing balance | 94 | 50 | 5 |

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 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 |
| **31st March 2019** | | | | | | |
| ECL rate | | 0% | 5% | 1% | 11% | |
| EAD | | 54 | 126 | 16 | 101 | 297 |
| ECL | | 0 | 6 | 0 | 11 | 17 |
| Net carrying amount | - | 54 | 121 | 16 | 90 | 280 |
| **31st March 2018** | | | | | | |
| ECL rate | | 0% | 0% | 0% | 10% | |
| EAD | | 28 | 21 | 7 | 49 | 105 |
| ECL | | 0 | 0 | 0 | 5 | 5 |
| Net carrying amount | - | 28 | 21 | 7 | 44 | 100 |

**ECL changes on Financial Instruments recorded in P&L**

**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 | | -421 |
| Trade receivables and others | | | | 44 | 44 |
| Total | -265 | 583 | 1,322 | 44 | 1,684 |

**Year ended 31 March 2019**

| | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit-impaired | Simplified approach | Total |
|---|---|---|---|---|---|
| Loan against Hypothecation of Vehicles | 45 | 47 | 352 | | 444 |
| Loan against Property | 1 | 115 | 298 | | 414 |
| Finance Lease Receivables | 390 | -40 | 66 | | 416 |
| Trade receivables and others | | | | 45 | 45 |
| Total | 436 | 122 | 716 | 45 | 1,319 |

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

Chartered Accountants

**ORIX Leasing and Financial Services India Limited**
**Notes to the financial statements (continued)**
*(All amounts are in INR Lakhs, except as stated)*
**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, 2020<br>INR actuals | Carrying amount | Total | Contractual cash flows<br>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 | 8,101 | 11,086 | 4,866 |
| Loan against Property | 1,64,752 | 1,64,752 | 2,850 | 2 917 | 6,407 | 1,52,576 |
| 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 | 39 | 39 | 39 | - | - | - |
| Retained Interest on Loan Assigned | 564 | 564 | 564 | - | - | - |
| Advances to suppliers of goods and services | 116 | 116 | 116 | - | - | |
| Other Deposits | 10 | 10 | - | - | - | 10 |
| Loans and advances to employees | 7 | 7 | 7 | - | - | - |
| Other Advances | 2,356 | 2,356 | 1,096 | - | - | 1,260 |
| | 2,52,323 | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Non-convertible Debentures | 20,000 | 20,619 | 20,619 | - | - | - |
| Term Loans from Banks maturity | 1,53,466 | 1,81,900 | 37,512 | 40,318 | 40,148 | 63,922 |
| Masala Bond | 10,000 | 11,114 | 210 | 386 | 10,518 | - |
| ECB Borrowing from Bank | 17,500 | 8,148 | 1,120 | 2 096 | 3,977 | 955 |
| Security deposits from lessees | 1,249 | 1,661 | 57 | 306 | 470 | 828 |
| Cash Credits Facilities | 198 | 198 | 198 | - | - | - |
| Overdraft facilities | 7 | 7 | 7 | - | - | - |
| Loans and advances from related party | 673 | 673 | 673 | - | - | - |
| Trade Payable | 2,106 | 2,106 | 2,106 | - | - | - |
| Other Payables | 321 | 321 | 321 | - | - | - |
| Lease liabilities | 348 | 348 | 348 | - | - | - |
| Other Payables to Employees | 218 | 218 | 218 | - | - | - |
| 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 12,582 | | | | | |

| March 31, 2019<br>INR actuals | Carrying amount | Total | Contractual cash flows<br>Less than 6 months | 6-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial assets** | | | | | | |
| Loans | | | | | | |
| Cash and cash equivalents | 1,448 | 1,448 | 1,448 | - | - | - |
| Loan against Hypothecation of vehicle | 55,597 | 55,597 | 13,711 | 11,029 | 17,494 | 13,363 |
| Loan against Property | 1,55,389 | 1,55,389 | 3,903 | 2,374 | 5,184 | 1 43,928 |
| Finance Leases | 42,375 | 42,375 | 8,646 | 7,227 | 12,558 | 13,944 |
| Trade receivable | 280 | 280 | 280 | - | - | - |
| Security deposits Premises | 34 | 34 | - | - | - | 34 |
| Sundry Deposits | 394 | 394 | 394 | - | - | - |
| Retained Interest on Loan Assigned | 707 | 707 | 707 | - | - | - |
| Advances to suppliers of goods and services | 156 | 156 | 156 | - | - | - |
| Other Deposits | 22 | 22 | - | - | - | 22 |
| Loans and advances to employees | 9 | 9 | 9 | - | - | - |
| Bank Deposits maturity more than 12 months | 6 | - | - | - | 6 | - |
| Other Advances | 1,160 | 1,160 | 484 | - | - | 676 |
| | 2,57,577 | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Non-convertible Debentures | 52,000 | 57,749 | 25,404 | 10,795 | 21,550 | - |
| Term Loans from Banks maturity | 1,20,690 | 1,34,921 | 37,096 | 23 555 | 43,193 | 31,077 |
| Masala Bond | 10,000 | 12,117 | 385 | 385 | 770 | 10,577 |
| ECB Borrowing from Bank | 7,500 | 8,870 | 288 | 289 | 3,336 | 4,956 |
| Security deposits from lessees | 1,395 | 1,782 | 62 | 258 | 359 | 1,103 |
| Cash Credits Facilities | 7,436 | 10,737 | 10,737 | - | - | - |
| Overdraft facilities | 12,171 | 1,211 | 1,211 | - | - | - |
| Loans and advances from related party | 952 | 952 | 952 | - | - | - |
| Trade Payable | 2,805 | 2,805 | 2,805 | - | - | - |
| Other Payables | 245 | 245 | 245 | - | - | - |
| Lease liabilities | 452 | 452 | 452 | - | - | - |
| Other Payables to Employees | 329 | 329 | 329 | - | - | - |
| Payable in respect of loans assigned | 297 | 297 | 297 | - | - | - |
| Advance from customers | 1,603 | 1,603 | 1,603 | - | - | - |
| Interest Accrued but not due | 2,973 | 2,973 | 2,973 | - | - | - |
| Commitment | 719 | 719 | 719 | - | - | - |
| **Total** | 2 21,567 | | | | | |

| March 31, 2018<br>INR actuals | Carrying amount | Total | Contractual cash flows | | | |
|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6-12 months | 1-2 years | 2-5 years |
| **Non-derivative financial assets** | | | | | | |
| Loans | | | | | | |
| Cash and cash equivalents | 520 | 520 | 520 | - | - | - |
| Loan against Hypothecation of vehicle | 61,258 | 61,258 | 15,471 | 11,380 | 17,862 | 16,545 |
| Loan against Property | 98,877 | 98,877 | 2,535 | 1,833 | 4,009 | 90,500 |
| Finance Leases | 32,748 | 32,748 | 8,785 | 5,235 | 9,221 | 9,507 |
| Trade receivable | 100 | 100 | 100 | - | - | - |
| Security deposits Premises | 22 | 22 | - | - | - | 22 |
| Sundry Deposits | 250 | 250 | 250 | - | - | - |
| Advances to suppliers of goods and services | 206 | 206 | 206 | - | - | - |
| Other Deposits | 5 | 5 | - | - | - | 5 |
| Loans and advances to employees | 4 | 4 | 4 | - | - | - |
| Bank Deposits maturity more than 12 months | 3 | 3 | - | - | 3 | - |
| Other Advances | 34 | 34 | 34 | - | - | - |
| | 1,94,027 | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Non-convertible Debentures | 52,000 | 57,733 | - | - | 36,187 | 21,546 |
| Term Loans from Banks maturity | 69,739 | 75,148 | 13,445 | 12,944 | 21,248 | 27,513 |
| Masala Bond | 10,000 | 12,110 | - | - | 767 | 11,343 |
| ECB Borrowing from Bank | 7,500 | 8,875 | - | - | 622 | 8,253 |
| Security deposits from lessees | 623 | 805 | 52 | 105 | 159 | 489 |
| Cash Credits Facilities | 10,741 | 10,741 | 10,741 | - | - | - |
| Overdraft facilities | 1,203 | 1,203 | 1,203 | - | - | - |
| Loans and advances from related party | 741 | 741 | 741 | - | - | - |
| Trade Payable | 101 | 101 | 101 | - | - | - |
| Other Payables | 353 | 353 | 353 | - | - | - |
| Lease liabilities | 551 | 551 | 551 | - | - | - |
| Other Payables to Employees | 232 | 232 | 232 | - | - | - |
| Advance from customers | 976 | 976 | 976 | - | - | - |
| Interest Accrued but not due | 2,903 | 2,903 | 2,903 | - | - | - |
| Commitment | 1,665 | 1,665 | 1,665 | - | - | - |
| | 1,59,329 | | | | | |

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

**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 2020.

## ORIX Leasing and Financial Services India Limited

**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**Note:- 49**

**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, 2020** | **As at March 31, 2019** | **As at March 31, 2018** |
| Borrowings | 2,04,593 | 2,15,117 | 1,55,450 |
| **Gross Debt** | **2,04,593** | **2,15,117** | **1,55,450** |
| Less - Cash and Cash Equivalents | (3,854) | (1,448) | (520) |
| **Adjusted Net debt** | 2,00,739 | 2,13,669 | 1,54,930 |
| **Total equity** | **57,095** | **53,473** | **48,802** |
| Adjusted Net debt to equity ratio | 3.52 | 4.00 | 3.17 |

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 Group.

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 | 31-03-2020 | 31-03-2019 | 31-03-2018 |
|---|---|---|---|
| **Regulatory capital** | | | |
| i) Tier I Capital (%) | 19.50% | 17.16% | 20.38% |
| ii) Tier II Capital (%) | 0.72% | 0.58% | 0.48% |
| **Total Capital** | **20.22%** | **17.74%** | **20.86%** |

## ORIX Leasing and Financial Services India Limited
**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**Note:- 50**

**Repayment schedule of long term borrowing :**
**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** |

**Loan as on 31 March 2019 are repayable as stated blow**

| | Interest Rate | 1-2 years | 2-3 years | 3-5 years | Total |
|---|---|---|---|---|---|
| **Floating** | | | | | |
| Monthly | 8 30% - 9 75% | 19,350 | 15,142 | 7,150 | 41,642 |
| Quarterly | 7 65% - 9 20% | 9,417 | 6,146 | 15,937 | 31,500 |
| **Fixed** | | | | | |
| Monthly | | - | - | - | - |
| Quarterly | 9 45% | 3,000 | 2,500 | - | 5,500 |
| Bullet Payment | 7 45% - 8 95% | 27,000 | - | - | 27,000 |
| **Total** | | **58,767** | **23,788** | **23,087** | **1,05,642** |

**Loan as on 31 March 2018 are repayable as stated blow**

| | Interest Rate | 1-2 years | 2-3 years | 3-5 years | Total |
|---|---|---|---|---|---|
| **Floating** | | | | | |
| Monthly | 8 30% - 8 55% | 7,354 | 3,375 | 625 | 11,354 |
| Quarterly | 7 65% - 8 40% | 9,810 | 3,583 | - | 13,393 |
| **Fixed** | | | | | |
| Monthly | 9 50% | 729 | 2,813 | 4,688 | 8,230 |
| Quarterly | 9 45% | 625 | - | - | 625 |
| Bullet Payment | 7 47% - 8 70% | 32,000 | 20,000 | 10,000 | 62,000 |
| **Total** | | **50,518** | **29,771** | **15,313** | **95,602** |

B S R & Co. LLP * Chartered Accountants *

## ORIX Leasing & Financial Services India Limited

**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**Note -51**

**(d) Movement in deferred tax balances**

| | Net balance April 1, 2017 | Recognised in profit or loss | Recognised in OCI | 31-Mar-18 Net | 31-Mar-18 Deferred tax asset | 31-Mar-18 Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | | |
| Lease rentals and tax depreciation | 6,008 | 804 | | 6,812 | 6,812 | - |
| Provision for Non-Performing Assets | 283 | 128 | - | 411 | 411 | - |
| Expected Credit Losses | 53 | (20) | | 33 | 33 | |
| Provision for Leave Encashment & Gratuity | 51 | (18) | | 33 | 33 | - |
| Maintenance Linked Reserve | 66 | (27) | | 39 | 39 | - |
| **Ind AS Adjustments** | | | | | | |
| Lease rental Straight lining | 0 | (0) | | 0 | 0 | - |
| Effective interest rate on Borrowings | - | - | | | | - |
| Effective interest rate on Loans and Advances | (11) | 5 | | (6) | | (6) |
| Employee Benefits PNL | (12) | (2) | | (14) | | (14) |
| Employee Benefits OCI | 12 | | 2 | 14 | 14 | - |
| Discounting of security deposits paid for premises | 0 | 0 | | 0 | 0 | - |
| Discounting of security deposits received from lessees | (3) | (3) | | (6) | | (6) |
| **Tax assets (Liabilities)** | 6,447 | 868 | 2 | 7,316 | 7,342 | (26) |
| Set off tax | - | - | - | - | - | - |
| **Net tax assets** | 6,447 | 868 | 2 | 7,316 | 7,342 | (26) |

| | Net balance April 1, 2018 | Recognised in profit or loss | Recognised in OCI | 31-Mar-19 Net | 31-Mar-19 Deferred tax asset | 31-Mar-19 Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | | |
| Lease rentals and tax depreciation | 6 812 | (381) | - | 6,431 | 6,431 | - |
| Provision for Non-Performing Assets | 411 | 247 | - | 658 | 658 | - |
| Expected Credit Losses | 33 | 74 | | 107 | 107 | - |
| Provision for Leave Encashment & Gratuity | 33 | 31 | - | 64 | 64 | - |
| Maintenance Linked Reserve | 39 | 4 | - | 43 | 43 | - |
| **Ind AS Adjustments** | | | | | | |
| Lease rental Straight lining | 0 | 1 | | 1 | 1 | |
| Effective interest rate on Borrowings | - | 22 | | 22 | 22 | - |
| Effective Gain on Loan transfer Transactions | - | (247) | | (247) | - | (247) |
| Effective interest rate on Loans and Advances | (6) | 13 | | 7 | 7 | - |
| Employee Benefits PNL | (14) | (18) | | (32) | | (32) |
| Employee Benefits OCI | 14 | | 18 | 32 | 32 | - |
| Discounting of security deposits paid for premises | 0 | (24) | | (24) | - | (24) |
| Discounting of security deposits received from lessees | (6) | (1) | | (7) | - | (7) |
| **Tax assets (Liabilities)** | 7,318 | (279) | 18 | 7,055 | 7,365 | (310) |
| Set off tax | - | - | - | - | - | - |
| **Net tax assets** | 7,318 | (279) | 18 | 7,055 | 7,365 | (310) |

| | Net balance April 1, 2019 | Recognised in profit or loss | Recognised in OCI | 31-Mar-20 Net | 31-Mar-20 Deferred tax asset | 31-Mar-20 Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | | |
| Lease rentals and tax depreciation | 6,431 | (1,623) | - | 4,808 | 4 808 | - |
| Provision for Non-Performing Assets | 658 | 62 | - | 720 | 720 | - |
| Expected Credit Losses | 107 | 9 | | 116 | 110 | - |
| 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 PNL | (32) | (6) | | (38) | - | (38) |
| Employee Benefits OCI | 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 | (1,608) | 6 | 5,454 | 5,788 | (334) |
| Set off tax | - | - | - | - | - | - |
| **Net tax assets** | 7,055 | (1,608) | 6 | 5,454 | 5,788 | (334) |

## ORIX Leasing & Financial Services India Limited

**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**Note - 52**
**Tax expense**
**(a) Amounts recognised in profit and loss**

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| | INR | INR |
| Current income tax | 2,321 | 1,632 |
| Excess Provision for previous years | 18 | 63 |
| | 2,339 | 1,695 |
| **Deferred income tax liability / (asset), net** | | |
| Decrease in deferred tax liabilities | | |
| Increase in deferred tax assets | 1,602 | 25 |
| Increase in deferred tax liablities due to Ind AS Adjustments | 5 | 254 |
| **Deferred tax expense** | 1,607 | 279 |
| **Tax expense for the year** | 3,946 | 1,974 |

**(b) Amounts recognised in other comprehensive income**

| | Tax (expense) benefit INR | Tax (expense) benefit INR |
|---|---|---|
| Remeasurements of the defined benefit plans | (6) | (18) |
| | (6) | (18) |

**(c) Reconciliation of effective tax rate**

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| | | INR |
| **Profit before tax** | 7,587 | 6,679 |
| **Tax using the Company's domestic tax rate 25.168%** | 1,909 | 1 945 |
| Reduction in tax rate | | - |
| **Tax effect of amounts which are not deductible in calculating taxable income:** | | |
| Corporate Social Responsibility Expenditure | 22 | 9 |
| Others | (0) | (0) |
| Actuarial losses passed through OCI reclassified to Profit & Loss | (6) | (18) |
| Bad debts written off | - | 24 |
| Interest on SA Tax paid | - | 5 |
| Difference due to change in tax rates | 2 013 | (13) |
| Difference due to tax audit adjustment | (16) | (59) |
| (Excess) / Short provision of tax for earlier years | 18 | 63 |
| | 3,940 | 1,958 |

The applicable Indian corporate statutory tax rate for the year ended March 31, 2020 and March 31, 2019 is 25.168% and 34.94% respectively. The decrease in the corporate statutory tax rate to 25 168% is consequent to changes made in the Finance Act, 2020.

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs.2,013 lakhs recognised in the statement of profit and loss.

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

**Note - 53**

**Change in liabilities arising from financing activities**

| Particulars | 01 April 2019 | Cash Flows | 31 March 2020 |
|---|---|---|---|
| Long term borrowing | 1,11,390 | 21,576 | 1,32,966 |
| Short term borrowing | 9,300 | 11,200 | 20,500 |
| ECB Borrowing | 7,500 | 10,000 | 17,500 |
| Non Convertible Debenture | 52,000 | (32,000) | 20,000 |
| Masala Bond | 10,000 | - | 10,000 |
| Lease Liability on principal component | 414 | (101) | 313 |
| Lease liabilty interest portion | 38 | (3) | 35 |
| **Total** | **1,90,642** | **10,672** | **2,01,314** |

| Particulars | 01 April 2018 | Cash Flows | 31 March 2019 |
|---|---|---|---|
| Long term borrowing | 49,239 | 62,151 | 1,11,390 |
| Short term borrowing | 20,500 | (11,200) | 9,300 |
| ECB Borrowing | 7,500 | - | 7,500 |
| Non Convertible Debenture | 52,000 | - | 52,000 |
| Masala Bond | 10,000 | - | 10,000 |
| Lease Liability on principal component | 551 | (137) | 414 |
| Lease liabilty interest portion | | 38 | 38 |
| Total | 1,39,790 | 50,852 | 1,90,642 |

Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

## ORIX Leasing and Financial Services India Limited

**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**Note - 54**
**First-time adoption of Ind AS**

**A. Transition to Ind AS**
As stated in Note 1, these financial statements, for the year ended March 31, 2020, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (IGAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2018, the Company's date of transition to Ind AS This note explains the principal adjustments made by the Company in restating its IGAAP financial statements, including the balance sheet as at April 01, 2018 and the financial statements as at and for the year ended March 31, 2019 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance.

**Equity Reconciliation**

| Sr No. | Particulars | Total Equity as at 31st March 2019 |
|---|---|---|
| | | |
| | **Net worth/ loss as per IGAAP** | **53,212** |
| | | |
| | Ind AS Adjustments : | |
| i | Net Impairment allowances | (841) |
| ii | Interest income on non performing asset | 533 |
| iii | EIR impact on Loans and Advances | 9 |
| iv | Fair value on Security Deposits | 23 |
| v | Interest and depreciation on Right of use Assets | (29) |
| vi | Gain on Loan transfer Transactions | 706 |
| vii | Deffered Tax on IND AS adjustments | (140) |
| | | |
| | **Net worth/ loss as per Ind AS** | **53,473** |

## ORIX Leasing & Financial Services India Limited

**B. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity and total comprehensive income for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS

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

| Particulars | Notes to Reconciliation | As at 31 March, 2019 | | | As at 1 April, 2018 | | |
|---|---|---|---|---|---|---|---|
| | | Indian GAAP | Adjustments | Ind AS | Indian GAAP | Adjustments | Ind AS |
| **I ASSETS** | | | | | | | |
| **1. Financial assets** | | | | | | | |
| (a) Cash and cash equivalents | 9 | 1,374 | | 1,374 | 461 | (13) | 448 |
| (b) Bank balances other than (a) above | | 74 | | 74 | 72 | | 72 |
| (c) Loans | 1 | 2,53,512 | (151) | 2,53,361 | 1,93,016 | (133) | 1,92,883 |
| (d) Trade receivable | 1,9 | 225 | 55 | 280 | 104 | (5) | 100 |
| (d) Other financial assets | 1,9 | 2,858 | (370) | 2 488 | 526 | (2) | 524 |
| **Total Financial assets** | | 2,58,043 | (466) | 2,57,577 | 1,94,180 | (153) | 1,94,027 |
| **2 Non-financial assets** | | | | | | | |
| (a) Inventories | | 54 | 0 | 55 | 12 | - | 12 |
| (b) Current tax assets (net) | | 997 | | 997 | 163 | | 163 |
| (c) Deferred tax assets (net) | 4 | 7,196 | (141) | 7,055 | 7,294 | 22 | 7 316 |
| (d) Property, plant and equipment | | 2,938 | | 2,938 | 1,920 | - | 1,920 |
| (e) Right of-use assets | 7 | | 423 | 423 | | 551 | 551 |
| (f) Other intangible assets | | 111 | - | 111 | 156 | - | 156 |
| (g) Other non-financial assets | 8.9 | 9,729 | (3,875) | 5 854 | 5,906 | (3,010) | 2 896 |
| **Total Non-financial assets** | | 21,025 | (3,591) | 17,433 | 15,451 | (2,437) | 13,014 |
| **TOTAL ASSETS** | | 2,79,068 | (4,057) | 2,75,010 | 2,09,631 | (2,590) | 2,07,041 |
| **II. EQUITY AND LIABILITIES** | | | | | | | |
| **1. Financial liabilities** | | | | | | | |
| (a) Payables | | | | | | | |
| (i) Trade payables | | | | | | | |
| - Total outstanding dues of Micro and Small Enterprises | | 15 | | 15 | - | | |
| - Total outstanding dues of Creditors other than Micro and Small Enterprises | | 2,790 | - | 2,790 | 101 | (0) | 101 |
| (b) Debt Securities | | 52,000 | - | 52,000 | 52,000 | | 52,000 |
| (c) Borrowings (Other than debt securities) | 9 | 1 61,722 | - | 1,61,722 | 1,02,840 | (13) | 1,02,827 |
| (d) Lease liabilities | 7 | | 452 | 452 | - | 551 | 551 |
| (e) Deposits | 8 9 | 1,720 | (325) | 1,395 | 753 | (130) | 623 |
| (f) Other financial liabilities | 8 | 4,012 | (1,538) | 2,474 | 2,539 | (977) | 1,562 |
| **Total Financial liabilities** | | 2,22,259 | (1,410) | 2,20,848 | 1,58,233 | (569) | 1,57,664 |
| **2. Non-Financial liabilities** | | | | | | | |
| (a) Current tax liabilities (net) | | 36 | | 36 | 143 | - | 143 |
| (b) Provision for Employees' Retirement Benefits | | 184 | | 184 | 123 | - | 123 |
| (c) Provisions | | 2,175 | (2,166) | 9 | 1 684 | (1 683) | 2 |
| (d) Other non-financial liabilities | 8.9 | 1,202 | (742) | 460 | 605 | (297) | 307 |
| **Total Non-Financial liabilities** | | 3,597 | (2,908) | 689 | 2,555 | (1,980) | 575 |
| **3 Equity** | | | | | | | |
| (a) Equity share capital | | 10 094 | | 10,094 | 10,094 | | 10,094 |
| (b) Other equity | 6 9 | 43 118 | 261 | 43 379 | 38,749 | (41) | 38,708 |
| **Total Equity** | | 53,212 | 261 | 53,473 | 48,843 | (41) | 48,801 |
| **TOTAL LIABILITIES** | | 2,79,068 | (4,057) | 2,75,010 | 2,09,631 | (2,590) | 2,07,041 |

Reconciliation of total comprehensive income for the year ended 31 March 2019

| Particulars | Notes to Reconciliation | Indian GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| **I. Revenue from operations** | | | | |
| (i) Interest income | 5 | 29 265 | (408) | 28 857 |
| (ii) Fees and commission income | | 450 | - | 450 |
| (iii) Net gain on fair value changes | 8 | - | 71 | 71 |
| **II Other income** | | 1 953 | 706 | 2,659 |
| **III. Total Income (I + II)** | | 31 668 | 369 | 32,037 |
| **IV. Expenses** | | | | |
| (i) Finance cost | | 16 001 | 100 | 16,101 |
| (ii) Impairment on financial instruments | 1 | 195 | 1,319 | 1 514 |
| (iii) Employee benefit expense | 3 | 3 970 | (52) | 3,920 |
| (iv) Depreciation, amortisation and impairment | 7 | 683 | 128 | 811 |
| (v) Other expenses | 8 | 4 650 | (1,643) | 3,007 |
| **Total expenses (IV)** | | 25,506 | (147) | 25,359 |
| **V. Profit/(loss) before exceptional items and tax (III-IV)** | | 6,162 | 516 | 6,678 |
| **VI. Tax expense:** | | | | |
| Current tax | | 1,632 | - | 1 632 |
| Tax expenses relating to prior years | | 53 | - | 53 |
| Deferred tax | 4 | 98 | 181 | 279 |
| **VII. Profit for the year** | | 4,369 | 336 | 4,705 |
| **VIII. Other comprehensive income** | | | | |
| A Items that will not be reclassified to profit or loss | | | | |
| Remeasurements of post employment benefit obligation | 3 | | 52 | 52 |
| Income tax related to items that will not be reclassified to profit or loss | | | (18) | (18) |
| **Total Others Comprehensive Income for the year** | | | 34 | 34 |
| **IX. Total Comprehensive Income for the period** | | 4,369 | 302 | 4,671 |

Reconciliation between Ind AS and previous GAAP for profit or loss are given under

a) Profit reconciliation

| Particulars | Notes to Reconciliation | Year ended 31st March 2019 |
|---|---|---|
| Profit after tax as reported under previous GAAP | | 4,369 |
| Adjustments resulting in increase/(decrease) in profit after tax as reported under previous GAAP: | | |
| (i) Interest income on non performing asset | 5 | 310 |
| (ii) Net gain on fair value changes on deposit | 8 | 9 |
| (iii) Gain on loan transferred transaction | 9 | 706 |
| (iv) Net impairment allowances | 1 | 531 |
| (v) Finance cost and depreciation on Right of use assets | 7 | 29 |
| (vi) Actuarial gain & loss | 3 | (52) |
| (vii) Tax impact on above adjustments | 4 | 181 |
| Profit after tax as reported under Ind AS | | 4,705 |
| Other Comprehensive Income / (loss) (net of tax) | 3 | 34 |
| Other Comprehensive Income / (after tax) as reported under Ind AS | | 4,671 |

Material adjustments to the Statement of cash flows for the year ended 31 March 2019

| | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|
| Net cash flows from operating activities | (57,338) | 9,073 | (48,265) |
| Net cash flows from investing activities | (1,661) | (1) | (1,662) |
| Net cash flows from financing activities | 59,924 | (9,072) | 50,852 |
| Net increase/(decrease) in cash and cash equivalents | 925 | 0 | 926 |
| Cash and cash equivalents at the beginning of the year | 448 | 0 | 448 |
| Cash and cash equivalents at the end of the year | 1,374 | 0 | 1,374 |

Notes to the reconciliation:

1 **Impairment Allowance for expected credit loss**

Under Previous GAAP, the provisioning on overdue assets was as per management estimates, subject to the minimum provision required as per Master Direction- Non Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Under Ind AS, impairment allowance is calculated as per expected credit loss method.

2 **Impact on derecognition of loans**

Under Previous GAAP, financial assets were derecognized if the control criteria is met in accordance with relevant RBI guidelines. Under Ind AS, financial assets are derecognised only when the Group transfers substantially all the risks and rewards related to the cash flows.

3 **Reclassification of actuarial loss / (gain), arising out of employee benefit schemes, to Other Comprehensive Income (OCI)**

Under Previous GAAP, these were recognised in Statement of profit and loss. Actuarial gain and losses are recognised in other comprehensive income under Ind AS

4 **Deferred tax adjustments**

Deferred tax effect of all adjustments has been recognised on transition date and during the year ended 31 March 2019

5 **Interest income on non performing assets**

Under Previous GAAP, interest income on non performing assets (i.e. loans that are 90 days past due) was not accrued. Under Ind AS interest income on such loans are recognised on their net carrying amount

6 **Gain on loan transfer transaction**

Under Previous GAAP, gain on loan transfer transaction was recognised over the tenure of the loans transferred. Under IND AS, such gain is recognised upfront

7 **Right of use assets**

Under Previous GAAP, premises taken on long term lease were considered as rented premises and rent paid was charged to the Statement of profit and loss. Under IND AS, premises taken on long term lease are capitalised as Right of Use assets (ROU) and lease liability is recognised accordingly. Depreciation on ROU and interest on lease liability is charged to the Statement of profit and loss

8 **Deposits**

Under Previous GAAP deposits given for premises and security deposits from lessees were recognised at their carrying amount. Under IND AS, such deposits are recognised basis fair value

9 **Reclassification**

Figures are reclassified from Previous GAAP to meet the presentation principles as per IND AS

B S R & Co. LLP
Chartered Accountants

**ORIX Leasing and Financial Services India Limited**
**Notes to the financial statements (continued)**

**First-time adoption of Ind AS**

**C. Exemptions and exceptions availed**
**C.1 Ind AS mandatory exceptions**
**C.1.1 Estimates**
As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error However, the estimates should be adjusted to reflect any differences in accounting policies
As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS)
The Company's estimates under Ind AS are consistent with the above requirement Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:
- Impairment of financial assets based on the expected credit loss model
- Determination of the discounted value for financial instruments carried at amortised cost
- Discounted value of liability for retiral obligations

**C.1.2 De-recognition of financial assets and liabilities**
As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions
The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

**C.1.3 Classification and measurement of financial assets**
Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable
Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable

**C.2 Ind AS optional exemptions**

**C.2.1 Deemed cost**
As per Ind AS 101 an entity may elect to:
(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
– fair value;
– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.
The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost), and criteria in Ind AS 38 for revaluation (including the existence of an active market)
(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition
As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment The same election has been made in respect of intangible assets and investment property also The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities

## ORIX Leasing and Financial Services India Limited

**Notes to the financial statements (continued)**
for the year ended 31 March 2020
*(All amounts are in INR Lakhs, except as stated)*

**Note:- 55**
**Public disclosure on liquidity risk**

Public disclosure on liquidity risk based on audited financial statement as at 31st March 2020 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 | 1,43,200 | NA | 64% |

* Total liability does not include Equity

**2) Top 20 large deposits (amount in ₹ crore 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 | 1,33,000 | 63% |
| 2 | ECB Loan | 17,500 | 8% |
| 3 | Working Capital | 22,800 | 11% |
| 4 | Masala Bond | 10,000 | 5% |
| 5 | NCD - Secured | 20,000 | 10% |

**4) Funding Concentration based on significant instrument/product**

| Sr. No. | Name of the instrument/product | Amount | % of Total Liabilities |
|---|---|---|---|
| 1 | Bank Borrowing | 1,55,800 | 74% |

**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 | 10% |
| 7 | Other Short Term Liabilities to Total Public Funds | 7% |
| 8 | Other Short Term Liabilities to Total Liabilities | NA |
| 9 | Other Short Term Liabilities to Total Assets | 35% |
| | | 29% |

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**

## ORIX Leasing & Financial Services India Limited

**Note - 56** **Disclosures required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)**

**Schedule to the Balance Sheet of a non-deposit taking non-banking financial company**

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

| | Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | **Liabilities side :** | **Amount outstanding** | **Amount overdue** | **Amount outstanding** | **Amount overdue** |
| (1) | Loans and advances availed by the nonbanking financial company inclusive of financial interest accrued thereon but not paid : | | | | |
| | (a) Debentures : Secured | 20,000 | - | 52,000 | - |
| | : Unsecured | - | - | - | - |
| | (other than falling within the meaning of public deposits*) | | | | |
| | (b) Deferred Credits | - | - | - | - |
| | (c) Term Loans | 1,81,172 | - | 1,57,797 | - |
| | (d) Inter-corporate loans and borrowing | - | - | - | - |
| | (e) Commercial Paper | - | - | - | - |
| | (f) Other Loans (specify nature) Cash Credit & Subordinate Debt pursuant to scheme of reorganisation | - | - | - | - |
| | -Cash Credit & short term loans | - | - | - | - |
| | -Subordinate Debt | - | - | - | - |

* Please see note 1 below

| | Particulars | 31 March 2020 Amount outstanding | 31 March 2019 Amount outstanding |
|---|---|---|---|
| | **Assets side :** | | |
| (2) | Break-up of Loans and Advances including bills receivables [other than those included in (3) below] : | | |
| | (a) Secured | - | - |
| | (b) Unsecured | - | - |
| (3) | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| | (i) Lease assets including lease rentals under sundry debtors : | | |
| | (a) Financial lease (Net Stock of Finance Lease + Sundry Debtors) (Net of Provision) | 45,937 | 42,375 |
| | (b) Operating lease (incl Sundry Debtors) | 451 | 165 |
| | (ii) Stock on hire including hire charges under sundry debtors : | | |
| | (a) Assets on hire | - | - |
| | (b) Repossessed Assets | - | - |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) Loans where assets have been repossessed | - | - |
| | (b) Loans other than (a) above including debtors (Net of Provision) | 1,98,745 | 2,10,986 |

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)**

| | Particulars | 31 March 2020 Amount outstanding | 31 March 2019 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 2020 Amount outstanding | 31 March 2019 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 | - | - |
| | (c) Other related parties | 4 | 35 |
| | 2. Other than related parties | 2,45,130 | 2,53,491 |
| | Total | 2,45,134 | 2,53,526 |

B S R & Co. LLP Chartered Accountants

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 2020 Market Value / Break up or fair value or NAV | 31 March 2020 Book Value (Net of Provisions) | 31 March 2019 Market Value / Break up or fair value or NAV | 31 March 2019 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 2020 Amount | 31 March 2019 Amount |
|---|---|---|---|
| | (7) Other information | | |
| | Gross Non-Performing Assets | | |
| | (a) Related parties | - | - |
| (i) | (b) Other than related parties | 15,770 | 7,843 |
| | Net Non-Performing Assets | | |
| | (a) Related parties | - | - |
| (ii) | (b) Other than related parties | 12,894 | 6,289 |
| (iii) | Assets acquired in satisfaction of debt | | |

**Note :**

1 As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1989

2 Impairment in financial assets is calculated as per Ind AS 109

3 All Accounting Standards and Guidance Notes by ICAI 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 / NAV 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 B S R & Co. LLP**
Chartered Accountants
Firm's registration No. 101248W/W-100022

Ajit Viswanath

**Ajit Viswanath**
*Partner*
Membership No: 067114

Mumbai
07 July 2020

**For and on behalf of the Board of Directors**
**ORIX Leasing & Financial Services India Limited**
**CIN : U74900MH2006PLC163937**

**Sandeep Gambhir**
*Director*
(DIN - 08218888)

**Ryohei Suzuki**
*Director*
(DIN - 08218888)

**Vivek Wadhera**
*CFO*

**Meeta Sanghvi**
*Company Secretary*