

**Aviom India Housing  
Finance Private Limited**

**Statutory audit for the year ended  
31 March 2018**

# B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurgaon - 122 002, India

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## Independent Auditor's Report

To the Members of Aviom India Housing Finance Private Limited

### 1. Report on audit of the financial Statements (prepared as per Accounting Standards)

We have audited the accompanying financial statements (prepared as per Accounting standards) of Aviom India Housing Finance Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as 'financial statements').

### 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



**Auditor's Responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**4. Opinion**

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 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 2018, and its loss and its cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order.
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
  - (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors, is disqualified as on 31 March 2018 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 the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company did not have any pending litigations which would impact the financial position of the Company;
  - (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 does not have any derivative contracts for which there were any material foreseeable losses – Refer to Note 2.23 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; and
  - (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 since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed. Refer to Note 2.25 to the financial statements.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No.: 116231W/ W-100024



Manish Gupta

Partner

Membership No.: 095037

Place: Gurugram

Date: 28 August 2018

**Annexure A to the Independent Auditor's report**

**Annexure 'A' referred to in paragraph 5(i) of the independent Auditor's Report to the Members of Aviom India Finance Housing Private Limited on the financial statement for the year ended 31 March 2018, we report that:**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. As explained to us, no material discrepancies were noticed on such verification.  
(c) According to the information and explanations given to us and on the basis of our examination of books of accounts, no immovable properties are owned by the Company. Hence, the provisions of paragraph 3(i) (c) of the Order are not applicable.
- ii. The Company is a housing finance company, engaged in the business of providing loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the business activities carried out by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, Goods and service tax and other statutory dues have generally been regularly deposited with the appropriate authorities, though there were slight delays in a few cases in deposition of Provident Fund and Employees' State Insurance with the appropriate authorities. As explained to us, the provisions of Sales-tax, Duty of Customs, Duty of Excise, Value added tax and cess are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Goods and service tax, Provident Fund, Employees' State Insurance and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.





- (b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Goods and service tax which have not been deposited with the appropriate authorities on account of any dispute. As mentioned above, the Company did not have any dues on account of Sales-tax, Duty of Customs, Duty of Excise and Value added tax during the year.
- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. Further, the Company did not have any outstanding dues to government or debenture holders during the year.
- ix. According to the information and explanations given to us, the term loan taken by the Company has been applied for the purposes for which it was raised. The Company has not raised any money by way of initial public offer (including debt instruments) or further public offer during the year.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.
- xi. According to the information and explanations given to us, the provisions for managerial remuneration of Section 197 read with Schedule V of the Act is not applicable to the Company, accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company, hence paragraph 3(xii) of the Order is not applicable.
- xiii. The Company is a private limited company and accordingly the requirements as stipulated by the provisions of section 177 of the Act are not applicable to the Company. According to the information and explanations given to us, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us, the Company has made allotment of equity shares and preference shares through preferential/ private placement of shares during the year under audit. We report that the requirements of Section 42 of the Act have been complied with and the amount raised have been used for the purpose for which the fund were raised. The Company did not make preferential allotment of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934, and accordingly, paragraph 3(xvi) of the Order is not applicable.

*For B S R & Associates LLP*

*Chartered Accountants*

Firm Registration No.: 116231W/ W-100024



**Manish Gupta**

*Partner*

Membership No.: 095037

Place: Gurugram

Date: 28 August 2018

## **Annexure B to the Independent Auditor's Report**

### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial statements with reference to financial statements of Aviom India Housing Finance Private Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial statement 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 ('ICAI'). 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 Act.

#### **Auditor's Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly





reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted 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 control 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.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*For B S R & Associates LLP*

*Chartered Accountants*

Firm Registration No.: 116231W/ W-100024



**Manish Gupta**

*Partner*

Membership No.: 095037

Place: Gurugram

Date: 28 August 2018

**Avion India Housing Finance Private Limited**  
**Balance Sheet as on 31 March 2018**  
 (All amounts are in Indian Rupees)

	Note	As at 31 March 2018	As at 31 March 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	162,434,740	121,810,000
Reserves and surplus	2.2	2,368,005	(13,062,638)
		<u>164,802,745</u>	<u>108,747,362</u>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	195,791,332	-
Long-term provisions	2.4	1,126,182	236,034
		<u>196,921,474</u>	<u>236,034</u>
<b>Current liabilities</b>			
Short-term borrowings	2.5	67,195	-
Trade payables	2.6	-	-
Total outstanding due of micro and small enterprises		3,105,959	1,280,580
Total outstanding due of creditors other than micro and small enterprises	2.7	101,376,771	9,296,791
Other current liabilities	2.4	244,011	1,487
Short-term provisions		<u>184,794,936</u>	<u>10,578,658</u>
		<u>466,519,155</u>	<u>119,562,054</u>
<b>TOTAL</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
- Property, plant and equipment	2.8	2,743,549	838,506
- Intangible assets		4,716,192	2,071,710
Long-term loans and advances	2.9	300,846,418	23,677,365
Other non-current assets	2.10	500,000	5,000,000
		<u>308,808,159</u>	<u>33,587,621</u>
<b>Current assets</b>			
Current investments	2.11	37,578,838	-
Trade receivables	2.12	22,853	-
Cash and bank balances	2.13	50,862,023	84,001,585
Short-term loans and advances	2.9	65,768,252	1,372,512
Other current assets	2.10	3,479,020	700,336
		<u>157,716,996</u>	<u>85,974,433</u>
		<u>466,519,155</u>	<u>119,562,054</u>
<b>TOTAL</b>			

Significant accounting policies

Notes to the financial statements

1 to 2.28

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For BSR & Associates LLP  
 Chartered Accountants  
 Firm registration number: 116231 W- W-100024

Masish Gupta  
 Partner  
 Membership No.: 099037

For and on behalf of the Board of Directors of  
 Avion India Housing Finance Private Limited

Kanwal Aijaz Imani  
 Director  
 DIN No.: 01390771

Om Parbhat Sikka  
 Director  
 DIN No.: 05138374

Ramandeep Singh  
 Financial Controller

Sneha Kumari  
 Company Secretary  
 Membership No.: ACS-52824

Place: Gurugram  
 Date: 28 August 2018

Place: New Delhi  
 Date: 28 August 2018

**Aviom India Housing Finance Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2018**  
 (All amounts are in Indian Rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue</b>			
Revenue from operations	2.14	41,296,450	2,681,834
Other income	2.15	1,443,364	6,951,808
<b>Total revenue</b>		<b>42,739,754</b>	<b>9,633,642</b>
<b>Expenses</b>			
Employee benefits expense	2.16	33,861,581	14,736,951
Finance costs	2.17	9,419,864	82,232
Depreciation	2.8	2,883,741	174,488
Other expenses	2.18	25,519,172	6,991,500
<b>Total expenses</b>		<b>71,684,358</b>	<b>21,985,171</b>
<b>(Loss) before tax</b>		<b>(28,944,604)</b>	<b>(12,351,529)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax charge/ (credit)		-	-
<b>(Loss) after tax</b>		<b>(28,944,604)</b>	<b>(12,351,529)</b>
<b>(Loss)/ Earning per share (face value of Rs. 10 each)</b>			
Basic and diluted loss per share	2.27	(2.22)	(1.14)

Significant accounting policies

1

Notes to the financial statements

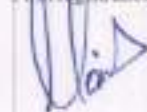
2 to 2.28

The notes referred to above form an integral part of the financial statements

For BSR & Associates LLP

Chartered Accountants

Firm registration number: 116231W/ W-100024




Manish Gupta

Partner

Membership No.: 095037

For and on behalf of the Board of Directors of  
 Aviom India Housing Finance Private Limited



Kamal Aijaz Hmi

Director

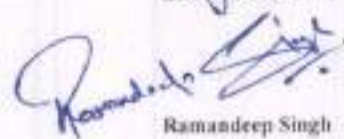
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Om Parkash Sikka

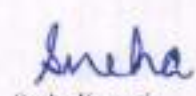
Director

DIN No.: 05138374



Ramandeep Singh

Financial Controller



Sneha Kumari

Company Secretary

Membership No.-ACS- 52824

Place: Gurugram

Date: 28 August 2018

Place: New Delhi

Date: 28 August 2018



**Avion India Housing Finance Private Limited**  
**Cash Flow statement for the year ended 31 March 2018**  
 (All amounts are in Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Cash flow from operating activities</b>		
Loss before tax	(28,944,369)	(12,351,529)
Adjustments for:		
Depreciation expense	2,882,741	174,488
Contingent provision against standard assets (Housing loans)	1,703,207	96,628
Contingent provision against standard assets (Non-Housing loans)	163,919	9,239
Profit on investment	(78,838)	-
Interest on fixed deposits	(1,015,480)	(6,949,480)
Interest income on cash collateral against borrowing	(348,986)	-
Rates & Taxes (stamp duty for increase in authorized share capital)	1,177,809	-
<b>Operating cash flow before working capital changes</b>	<b>(25,883,192)</b>	<b>(19,823,541)</b>
Increase in long term loans and advances	(271,109,052)	(25,677,361)
(Decrease)/increase in short-term loans and advances	661,297,726	(1,272,732)
(Increase)/decrease in other current assets, trade receivables and other current assets	(1,098,835)	(285,440)
Increase in current liabilities	29,346,280	8,577,791
Increase in long term and short-term provisions	(134,534)	(34,534)
Increase in trade payables	1,826,570	1,228,110
<b>Cash (used in) operating activities</b>	<b>(330,793,185)</b>	<b>(36,238,376)</b>
Income tax paid	(1,098,835)	(16,311)
<b>Net cash (used) by operating activities (A)</b>	<b>(331,891,999)</b>	<b>(36,254,687)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(8,449,226)	(2,370,744)
Profit on investment	78,838	-
Purchase of investments (net)	(17,578,818)	-
Proceeds from fixed deposits	48,878,247	48,121,757
Interest income on cash collateral against borrowing	348,986	-
Interest received on fixed deposits	1,015,480	6,949,480
<b>Net cash provided by investing activities (B)</b>	<b>2,253,487</b>	<b>52,700,493</b>
<b>Cash flows from financing activities</b>		
Proceeds from preference share capital (including conversion premium)	84,999,088	20,300,000
Payment of stamp duty for increase in authorized share capital	(1,177,809)	-
Repayment of borrowing	(116,689,781)	-
Proceeds from other borrowings	278,000,000	-
<b>Net cash generated by financing activities (C)</b>	<b>341,131,598</b>	<b>20,300,000</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>17,718,681</b>	<b>36,745,766</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>37,123,342</b>	<b>177,177</b>
<b>Cash and cash equivalents at the end of year</b>	<b>54,842,023</b>	<b>37,123,342</b>
<b>Notes:</b>		
<b>Cash and bank balances include</b>		
Cash on hand	1,145,295	132,938
Bank balances with scheduled banks		
- on current accounts	49,696,728	13,290,364
- on deposit accounts (with original maturity of 3 months or less)	-	21,500,000
<b>Cash and cash equivalents at the end of the year</b>	<b>50,842,023</b>	<b>37,123,342</b>

Notes:  
 a) The cash flow statement has been prepared in accordance with the Indian Method as set out in the Accounting Standard (AS)-1 on Cash Flow Statement, specified under Section 133 of the Companies Act, 2013, read with related rules issued thereunder.

b) Negative figures have been shown in brackets.

Additional report of even share attached  
 For S & H & Associates LLP  
 Chartered Accountants  
 Firm registration number: 1162119/ W-280024

**Manish Gupta**  
 Partner  
 Membership No.: 091017

For and on behalf of the Board of Directors of  
 Avion India Housing Finance Private Limited

**Kunjai Anur Bose**  
 Director  
 DIN No.: 0370781

**Om Parkash Sekia**  
 Director  
 DIN No.: 05138134

**Ramesh Singh**  
 Financial Controller

**Sneha Kumari**  
 Company Secretary  
 Membership No.: ACS-53426

Place: Gurgaon  
 Date: 28 August 2018

Place: New Delhi  
 Date: 28 August 2018

**Aviom India Housing Finance Private Limited**

**Significant accounting policies and Notes to the financial statements for the year ended 31 March 2018**

(All amounts are in Indian Rupees)

**1A. Background**

Aviom India Housing Finance Company Private Limited (the "Company") was incorporated in India on 18 February 2016 as a private limited company under the Companies Act 2013. The Company is registered with the National Housing Bank (NHB) as a Housing Finance Company vide Certificate No. 08.0140.16 dated 16 August 2016. The Company is in the business of providing housing and non-housing loans.

**1B. Significant accounting policies**

**a) Basis of preparation and presentation of financial statements**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and the provisions of the Companies Act, 2013, as adopted consistently by the Company.

The Company complies with the prudential norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for standard assets, substandard assets, doubtful assets and loss assets, specified in the directions issued by the NHB in terms of The Housing Finance Companies (NHB) Directions, 2010, as applicable to it.

**b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

**c) Current/ Non-current classification**

All assets and liabilities are classified into current and non-current.

*Assets*

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

*Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.





**Aviom India Housing Finance Private Limited**

**Significant accounting policies and Notes to the financial statements for the year ended 31 March 2018**

(All amounts are in Indian Rupees)

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

*Operating cycle*

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

**d) Revenue recognition**

The Company follows the Housing Finance Companies (NHB) Directions, 2010 issued by the NHB and Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 for income recognition. Reversal of income on non-performing assets necessitated by these guidelines, are netted-off from the income from operations.

Interest is accounted on accrual basis except for non-performing assets in respect of which income is recognised on receipt. No income is accrued on accounts delinquent for more than 90 days.

*Income from loan transactions*

- i. Interest income on loans disbursed is accounted for by applying the Internal Rate of Return (IRR), implicit in the agreement, on the diminishing balance of the financed amount, over the period of the agreement so as to provide a constant periodic rate of return on the net amount outstanding on the contracts.

*Processing fee and other charges*

- i. Loan processing fees is recognized on upfront basis.
- ii. Other charges (penal interest, cheque bouncing charges etc.) are recognised on receipt basis.

*Interest income on fixed deposits*

- i. Interest on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the fixed deposit.

**e) Expenditure**

*Interest expense*

Interest on borrowings is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing.

*Processing fees on borrowings*

The Company pays processing fees and arranger fees to obtain borrowings from banks and other companies. Fee so incurred is recognised as expense over the tenor. The unamortised balance is disclosed as part of other current/non-current assets.

**f) Provision for standard and non-performing assets**

Provision for standard assets and non-performing assets are created in accordance with prudential norms and guidelines issued by NHB. Also, specific provisions in respect of standard assets and non-performing assets are created based on the management's best estimates, which are determined having regard to overall loan portfolio quality, asset growth, economic conditions and other risk factors.

In accordance with Para 29 of The Housing Finance Company (NHB) Directions, 2010, the Company has separately shown provision for loans under short-term/ long-term provisions (as applicable) without netting off





The Company policy for identification and provisioning in respect of standard assets and provision for non-performing assets is detailed in the table below:

Asset classification	Criteria	Rate(%) of provision on total loan outstanding)
<b>Standard assets</b>		
Standard assets	An asset, in respect of which, no default in repayment of principal or payment of interest is perceived.	0.40
<b>Non-performing assets (NPA) - An asset, in respect of which, principal/interest has remained overdue for a period of more than 90 days.</b>		
Sub-standard assets	NPA for less than or equal to 12 months	15
Doubtful assets #	NPA for more than 12 months	
	Doubtful for up to 1 year	25
	Doubtful for more than 1 year but less than or equal to 3 years	40
	Doubtful for more than 3 years	100
Loss assets	As identified	Written off from books
	If the assets are permitted to remain in the books for any reason	100

g) **Fixed Assets**

**Property, plant and equipment/ intangible assets and depreciation/ amortisation**

**Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

**Intangible assets**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price and any cost directly attributable to bringing the asset to its working condition for the intended use.

Intangible assets which are not ready for their intended use are shown as Intangible Assets under development.

**Depreciation**

Property, plant and equipment are depreciated on written down value method basis useful life specified in Part 'C' of Schedule II to the Act.

Depreciation on additions is being provided on pro rata basis from the date of such additions. Similarly, depreciation on assets sold / disposed off during the year is being provided up to the dates on which such assets are sold / disposed off. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

**Leasehold improvements**

Leasehold improvements are depreciated on a straight line basis over the non-cancellable period of lease or management estimates to useful life, whichever is lower



Intangible assets are amortised over the estimated useful life of 5 years on a straight-line basis from the date of Capitalisation.

The useful life of assets and their related depreciation/ amortisation period and depreciation/ amortisation method is reviewed by the management in each financial year, respectively

**h) Investments**

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long-term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long-term investments" in consonance with the current/ non-current classification scheme of Schedule III of the Companies Act, 2013.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, mutual funds, preference shares, convertible debentures etc. Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

**i) Impairment**

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For assets that are not yet available for use, the recoverable is estimated at each Balance Sheet date. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

**j) Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed after adjusting the effects of all dilutive potential equity shares, if any, except when the results will be anti-dilutive.

**k) Operating Leases**

Leases where the lessor effectively retains substantially all the risk and rewards of ownership over the lease term are classified as operating leases. Lease payments for assets taken on operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**l) Income taxes**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.





**m) Employee benefits**

*Short term employee benefits*

Employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

*Defined contribution plans*

The Company's employee provident fund scheme is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Profit and Loss in the year when the employee renders the related service. The contribution towards provident fund has been deposited with Regional provident fund commissioner and is charged to Statement of Profit and Loss.

*Defined benefit plans:*

A defined benefit plan i.e. gratuity is a post-employment benefit plan other than defined contribution plan. 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 employee have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. The calculation is performed annually by an independent actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

The Company has taken group policy with Life Insurance Corporation of India (LIC) to meet its obligation towards gratuity. Liability with respect to the gratuity plan is determined based on an actuarial valuation done by an independent actuary at the year end. Any difference between amount transferred to the LIC for gratuity plan and liability determined by independent actuary is shown on net basis at year-end balance sheet.

**n) Provisions and contingencies**

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**o) Cash and cash equivalents**

Cash and cash equivalents comprises of cash balance with bank and highly liquid investments with maturity period of three months or less from the date of investment.





**Artem India Housing Finance Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
 (All amounts are in Indian Rupees)

**2.1 Share capital**

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
<b>Authorized</b>				
Equity shares of Rs. 10 each	21,000,000	210,000,000	15,000,000	150,000,000
Preference shares of Rs. 10 each	6,200,000	62,000,000	-	-
	<b>27,200,000</b>	<b>272,000,000</b>	<b>15,000,000</b>	<b>150,000,000</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs. 10 each	12,181,010	121,810,100	12,180,000	121,800,000
<b>Preference shares</b>				
Series-A compulsory convertible preference shares of Rs. 10 each	3,062,464	30,624,640	-	-
	<b>15,243,474</b>	<b>152,434,740</b>	<b>12,180,000</b>	<b>121,800,000</b>

**(a) (i) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares</b>				
Balance as at beginning of the year	12,181,000	121,810,000	10,250,000	102,500,000
Add: Shares issued during the year	1,000,010	10,000,100	2,000,000	20,000,000
Outstanding at the end of the year	<b>13,181,010</b>	<b>131,810,100</b>	<b>12,250,000</b>	<b>122,500,000</b>
<b>Compulsory convertible preference shares</b>				
Balance as at beginning of the year	-	-	-	-
Add: preference shares issued during the year	3,062,464	30,624,640	-	-
Balance as at end of the year	<b>3,062,464</b>	<b>30,624,640</b>	<b>-</b>	<b>-</b>

**(ii) Rights, preference and restrictions attached to equity shares**

The Company has only one class of equity shares having the par value of the each share is Rs. 10. Each shareholder shall have voting right equal to shareholding percentage of the total of the shares issued. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholdings.

**(iii) Rights, preference and restrictions attached to preference shares**

The Company issued Series-A compulsory convertible preference shares (CCPS) during the year ended 31 March 2018. The CCPS are convertible at any time into equity shares of face value of INR 10 each by the holder by notice in writing to the promoters and the company, and which date shall not be later than 10 years from the issuance of the Series-A CCPS (i.e. 03 February 2019). Each Series-A CCPS shall convert into 1 equity share subject to anti-dilution adjustment and conversion adjustments as stated in share holder agreement entered on 13 December 2017.

**(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares</b>				
Mrs. Kamal Arora Bhat	9,721,067	73.70%	9,350,167	76.40%
Mr. Suresh Malik	750,000	5.69%	1,000,000	8.21%
Mr. Kamal Sekta	2,000,000	15.17%	1,162,500	9.54%
<b>Preference shares</b>				
Artem Impact Asia Fund Pvt. Limited	3,062,464	100%	-	-

**2.2 Reserves and surplus**

	As at 31 March 2018	As at 31 March 2017
<b>(a) Securities premium account</b>		
Balance at the beginning of the year	-	-
Add: Amounts received during the year	44,978,248	-
Balance as at the end of the year	<b>44,978,248</b>	<b>-</b>
<b>(b) Deficit in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(11,062,638)	(711,000)
Add: Loss during the year	(78,944,604)	(12,451,529)
Balance as at the end of the year	<b>(89,997,242)</b>	<b>(13,162,529)</b>
<b>Total</b>	<b>2,365,005</b>	<b>(13,162,529)</b>



12 Long term borrowings

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Other short interest party				
1) Term loan	14,000,000	-	-	-
Bank loans	30,782,126	-	-	-
From other parties	208,794,387	-	-	-
			14,000,000	-
			30,782,126	-
			208,794,387	-
			253,576,513	-

1) Term loan of long term borrowings from Bank Backed under Urban Interest Subsidized

Notes to Financial Statements for secured borrowings

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
1) Term loan	14,000,000	-	-	-
Bank loans	30,782,126	-	-	-
From other parties	208,794,387	-	-	-
			14,000,000	-
			30,782,126	-
			208,794,387	-
			253,576,513	-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
1) Term loan	14,000,000	-	-	-
Bank loans	30,782,126	-	-	-
From other parties	208,794,387	-	-	-
			14,000,000	-
			30,782,126	-
			208,794,387	-
			253,576,513	-



**Avan India Housing Finance Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
 (All amounts are in Indian Rupees)

	Long-term		Short-term	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
<b>2.4 Provisions</b>				
Provision for employee benefits:				
- Gratuity (refer to note 2.19)	-	133,746	-	788
<b>Other provisions (refer to note 2.5.3)</b>				
Housing loans:				
Contingent provision against standard assets	981,872	93,972	117,963	656
Non housing loans:				
Contingent provision against standard assets	144,270	6,316	26,048	43
	<u>1,126,142</u>	<u>126,054</u>	<u>144,011</u>	<u>1,487</u>
<b>2.5 Short-term borrowings</b>			As at 31 March 2018	As at 31 March 2017
Secured				
Cash Credit *			67,195	-
Loan repayable on demand from banks			<u>67,195</u>	<u>-</u>
* Secured by hypothecation of present and future housing receivables as per selection criteria to the extent of 115% for the loan outstanding. Cash credit facility is further secured by a lien marked on fixed deposits (refer note 2.10). Also, the said cash credit facility is covered by personal guarantee of Managing director.				
<b>2.6 Trade payables</b>			As at 31 March 2018	As at 31 March 2017
Trade payables				
- Total outstanding due of micro and small enterprises			-	-
- Total outstanding due of creditors other than micro and small enterprises			3,106,959	1,280,380
			<u>3,106,959</u>	<u>1,280,380</u>
<b>2.7 Other current liabilities</b>			As at 31 March 2018	As at 31 March 2017
Current maturities of long-term borrowings			63,447,690	-
Interest accrued but not due on borrowings			855,526	-
Employee benefits payable			709,721	233,181
Loans pending disbursement			34,931,514	6,998,000
Statutory dues payable			1,328,028	1,276,153
Payable for capital goods			-	714,000
Other payables			64,242	125,557
			<u>101,376,771</u>	<u>9,286,791</u>





Property, plant and equipment and intangible assets

Description	Gross block		Accumulated depreciation		Net block As at 31 March 2018
	As at 1 April 2017	Additions during the year	As at 31 March 2018	As at 31 March 2018	
Property, plant and equipment					
Computer	708,891	1,714,169	2,423,060	816,353	1,564,507
Furniture and fixtures	146,504	530,043	677,447	75,425	586,602
Office equipment	157,599	153,180	310,788	84,992	218,478
Leasehold improvement	-	417,132	417,132	41,179	375,952
<b>Total</b>	<b>1,012,994</b>	<b>2,815,433</b>	<b>3,828,427</b>	<b>1,001,948</b>	<b>2,745,549</b>

Description	Gross block		Accumulated depreciation		Net block As at 31 March 2017
	As at 1 April 2016	Additions during the year	As at 31 March 2017	As at 31 March 2017	
Property, plant and equipment					
Computer	-	708,891	708,891	151,750	557,141
Furniture and fixtures	-	146,504	146,564	15,420	131,084
Office equipment	-	157,599	157,599	2,318	155,281
<b>Total</b>	<b>-</b>	<b>1,012,994</b>	<b>1,012,994</b>	<b>174,488</b>	<b>838,506</b>

Description	Gross block		Accumulated depreciation		Net block As at 31 March 2018
	As at 1 April 2017	Additions during the year	As at 31 March 2018	As at 31 March 2018	
Intangible assets					
Computer software	-	6,691,543	6,691,543	1,975,351	4,716,192
<b>Total</b>	<b>-</b>	<b>6,691,543</b>	<b>6,691,543</b>	<b>1,975,351</b>	<b>4,716,192</b>

Description	Gross block		Adjusted / Transferred to Intangibles during the year		As at 31 March 2018
	As at 1 April 2017	Additions during the year	As at 31 March 2018	As at 31 March 2018	
Intangible assets under development					
Computer software	2,071,750	-	2,071,750	-	-
<b>Total</b>	<b>2,071,750</b>	<b>-</b>	<b>2,071,750</b>	<b>-</b>	<b>-</b>

Description	Gross block		Adjusted / Transferred to Intangibles during the year		As at 31 March 2017
	As at 1 April 2016	Additions during the year	As at 31 March 2017	As at 31 March 2017	
Intangible assets under development					
Computer software	-	2,071,750	-	-	2,071,750
<b>Total</b>	<b>-</b>	<b>2,071,750</b>	<b>-</b>	<b>-</b>	<b>2,071,750</b>

**Avion India Housing Finance Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
 (All amounts are in Indian Rupees)

	Long-term		Short-term	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
<b>2.9 Loans and advances (refer note 2.8.1)</b> (Unsecured, considered good unless stated otherwise)				
<i>To parties other than related parties</i>				
<b>Housing loans - secured</b>				
Individuals				
- Considered good	145,468,044	23,602,787	51,717,110	103,930
<b>Non Housing loans - secured</b>				
Individuals				
- Considered good	36,067,342	1,575,578	6,130,238	10,780
Cash collateral against borrowing *	16,875,000	-	5,623,000	-
Security deposits	196,357	100,000	280,363	100,000
Contribution to plan assets (refer to note 2.19) (net)	475,908	-	-	-
Tax deducted at source	1,198,015	-	-	696,035
Unamortised processing fee	565,792	-	1,547,914	-
Goods and Service tax receivable	-	-	461,621	24,985
Advances to employees	-	-	-	268,777
	<u>380,840,418</u>	<u>25,677,365</u>	<u>65,769,252</u>	<u>1,275,512</u>

\* Cash collateral paid to avail borrowings limits. The Company receives interest on the said cash collateral at a stated rate on yearly basis. Refer to note 2.15.

**2.9.1 Classification of loans and advances and provisions thereon**

(in accordance with the directions issued by the NHB in terms of The Housing Finance Companies (NHB) Directions, 2010)

	Housing loans		Non Housing loans	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
<b>Standard assets</b>				
(a) total outstanding amount *	299,971,910	24,156,717	42,579,461	1,589,364
(b) Provision made	1,199,835	98,628	170,318	6,359

\* The amount of total outstanding includes interest accrued and due amounting to INR 22,853 (previous year Nil) and interest accrued but not due amounting to INR 3,145,578.

	Non-current portion		Current portion	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
<b>2.10 Other assets</b> (Unsecured, unsecured good)				
Fixed deposits (due to maturity after 12 months from the reporting date)*	500,000	5,000,000	-	-
Interest accrued but not due on loans	-	-	3,145,578	194,783
Interest accrued but not due on:	-	-		
- Fixed deposits	-	-	10,265	505,555
- Cash collateral against borrowing	-	-	314,087	-
	<u>500,000</u>	<u>5,000,000</u>	<u>3,470,820</u>	<u>700,338</u>

\* Loan marked with back for availing secured cash credit facility.





**Avion India Housing Finance Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
 (All amounts are in Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
<b>2.11 Current investments</b>		
Investment in mutual funds: unquoted	37,578,834	-
1,565,571 (Previous year Nil) units of Franklin-India ultra short bond (Market value: INR 37,669,407)	<u>37,578,834</u>	<u>-</u>
<b>2.12 Trade receivables</b>		
Unsecured, considered good, unless otherwise noted		
Receivables outstanding for a period less than six months from the date they became due for payment	22,853	-
- Unsecured, considered good	<u>22,853</u>	<u>-</u>
<b>2.13 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	1,165,295	352,958
Balances with bank		
- on current accounts	49,806,728	13,290,384
- on deposit accounts (with original maturity of 3 months or less)	-	23,500,000
<b>Other bank balances</b>		
Fixed deposits (with remaining maturity within 12 months from the reporting date)	-	40,878,743
	<u>50,962,023</u>	<u>84,001,585</u>
<b>Details of bank balances/ deposits</b>		
Fixed deposits with original maturity of 3 months or less included under "Cash and cash equivalents"	-	23,500,000
Fixed deposits due to mature within 12 months of the reporting date included under "Other bank balances"	-	40,878,743
Fixed deposits due to mature after 12 months of the reporting date included under "Other non-current assets"	500,000	5,000,000
	<u>500,000</u>	<u>79,378,743</u>



**Aviom India Housing Finance Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
 (All amounts are in Indian Rupees)

	For the year ended 31st March 2018	For the year ended 31st March 2017
<b>2.14 Revenue from operations</b>		
Interest on housing and non housing loans	25,985,200	541,771
<b>Other financial services</b>		
Processing fees and other charges	15,311,250	2,140,063
	<b>41,296,450</b>	<b>2,681,834</b>
<b>2.15 Other income</b>		
Interest income on fixed deposits	1,015,480	6,949,360
Interest income on cash collateral against borrowing	348,986	-
Profit on sale of mutual fund (net)	78,838	-
Miscellaneous	-	2,348
	<b>1,443,304</b>	<b>6,951,808</b>
<b>2.16 Employee benefits expense</b>		
Salaries, wages and bonus	31,690,771	14,245,318
Contribution to provident and other funds	1,862,606	437,381
Staff welfare	308,204	54,252
	<b>33,861,581</b>	<b>14,736,951</b>
<b>2.17 Finance costs</b>		
Interest expense	9,108,936	-
Other borrowing cost	310,928	82,232
	<b>9,419,864</b>	<b>82,232</b>
<b>2.18 Other expenses</b>		
<b>Housing Loans:</b>		
Contingent provision against standard assets (housing loan)	1,103,207	96,628
<b>Non-Housing Loans:</b>		
Contingent provision against standard assets (Non-housing loan)	163,959	6,139
Legal and professional *	14,517,637	3,464,392
Rent ##	2,473,053	1,319,651
Travelling and conveyance	2,554,164	883,019
Rates and taxes	1,365,228	569,030
Printing and stationery	1,029,380	66,775
Information technology (IT) support cost	1,016,096	-
Communication	569,000	80,385
Marketing	266,088	57,798
Advertisement	27,712	12,873
Miscellaneous	433,646	434,590
	<b>25,519,172</b>	<b>6,991,500</b>

## The Company has taken various office premises on operating lease. The office premises are generally rented for a term between 1 to 3 years on a cancellable basis. Lease payments during the year are charged to Statement of Profit and Loss.

**Note 2.16 (a)- Payment to auditors (excluding goods & service tax)**

As auditor

- Statutory audit	500,000	500,000
- Tax audit	100,000	-
- Outlays	28,750	28,750
- Certification fees	30,000	-
	<b>658,750</b>	<b>528,750</b>

including goods & service tax





**2.19 Employee Benefits:**

- (i) The following table sets out the status of funded gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2018 and 31 March 2017:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>a) Change in present value of obligation</b>		
Present value of obligation at the beginning of the year	134,534	-
Current service cost	248,701	134,534
Interest cost	9,686	-
Benefit paid	-	-
Actuarial (gain)/ loss on obligation	(52,678)	-
<b>Present value of obligations at the end of the year</b>	<b>340,243</b>	<b>134,534</b>
<b>b) Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	813,800	-
Benefit paid	-	-
Actuarial gain/(loss) on plan assets	2,431	-
<b>Fair value of plan assets at the end of the year</b>	<b>816,231</b>	<b>-</b>
<b>c) Amount recognized in the Balance Sheet</b>		
Present value of obligations at the end of the year	(340,243)	(134,534)
Fair value of plan assets at the end of the year	816,231	-
<b>Net (liability)/assets recognized in the Balance Sheet</b>	<b>475,988</b>	<b>(134,534)</b>
	-	788
Current liability at the end of the year	-	-
Non-Current liability at the end of the year	-	133,746
<b>Contribution to Plan Assets (net)</b>	<b>475,988</b>	<b>-</b>
<b>d) Expenses recognized in the Statement of Profit and Loss</b>		
Current service cost	248,701	134,534
Interest cost on defined benefit obligation	7,686	-
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognized in the year	(55,109)	-
<b>Expenses recognized in the Statement of Profit and Loss</b>	<b>203,278</b>	<b>134,534</b>
<b>e) The amounts of actual return on plan asset are as follows.</b>		
Expected return on plan assets	-	-
Actuarial gain on plan assets	2,431	-
<b>Actual return on plan assets</b>	<b>2,431</b>	<b>-</b>
<b>f) Experience adjustments:</b>		
Defined benefit obligation	340,243	134,534
Fair value of plan assets	816,231	-
(Deficit) / surplus in the plan	475,988	(134,534)
Experience adjustments arising on plan liabilities – (loss)/gain	(75,619)	-
Experience adjustments arising on plan assets – (loss)/gain	2,431	-



**Aviom India Housing Finance Private Limited**

**Significant accounting policies and Notes to the financial statements for the year ended 31 March 2018**

(All amounts are in Indian Rupees)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>g) Assumptions used for actuarial valuation</b>		
Discount rate	7.40%	7.20%
Rate of increase in compensation	6.00%	10.00%
Withdrawal rate	15.00%	15.00%
Mortality rate	Indian Assured Lives Mortality (2006-2008) ultimate table	Indian Assured Lives Mortality (2006-2008) ultimate table

**h) Company's best estimate of contribution to during next year is Rs Nil (previous year: Rs. 342,798)**

**(ii) Defined contribution plan**

A sum of Rs. 1,475,550 (previous year Rs.368,256) on account of provident fund is recognised as an expense and included in "contribution to provident fund and other funds" in the Statement of Profit and Loss.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Contribution to Provident Fund	1,475,550	368,256
Contribution to Employees' State Insurance	387,056	69,125
<b>Total</b>	<b>1,862,606</b>	<b>437,381</b>

**2.20 Segment Reporting**

The Company provides Housing loans and Non-Housing loans and the entire services are governed by same set of risk and returns. Hence, the Company has been considered to have only one primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard-17 on Segment Reporting as specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

**2.21 Commitments**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Other commitments</b>		
Undisbursed amount of loans sanctioned	110,671,351	27,289,938
Committed amount against capital assets	-	8,080,000





**Aviom India Housing Finance Private Limited****Significant accounting policies and Notes to the financial statements for the year ended 31 March 2018**

(All amounts are in Indian Rupees)

**2.22 Related party disclosures****(a) List of related parties**

S.N.	Nature of relationship	Name of the related party
1	Individuals with control over the enterprise	Kaajal Aijaz Ilmi, Director
2	Key Managerial Personnel	Kaajal Aijaz Ilmi, Director

**(b) Transaction with related parties**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Equity shares issued during the year</b>		
Ms. Kaajal Aijaz Ilmi	5,000,000	830,000
Mr. Om Prakash Sikka	-	-
<b>Loan taken by the Company during the year</b>		
Ms. Kaajal Aijaz Ilmi	-	2,900,000
<b>Loan repaid by the Company during the year</b>		
Ms. Kaajal Aijaz Ilmi	-	2,500,000
Conversion of loan into equity shares		400,000
<b>Remuneration for the year</b>		
Ms. Kaajal Aijaz Ilmi	5,790,000	3,002,500
<b>Reimbursement of expenses</b>		
Ms. Kaajal Aijaz Ilmi	-	22,500
<b>Personal Guarantee given during the year</b>		
Ms. Kaajal Aijaz Ilmi	275,000,000	-

**(c) Balances outstanding with related parties (other than share capital)**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Reimbursement Payable</b>		
Ms. Kaajal Aijaz Ilmi	-	22,500

**2.23 Long-term contracts**

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 account.



**2.24 Deferred Tax Asset/ (Liabilities)**

The break-up of deferred tax asset on account of timing differences between accounting and tax books is as under:

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Deferred tax liability</b>		
Excess of depreciation on property, plant and equipment provided in accounts over depreciation under income-tax law	293,149	29,944
Un-amortised processing fees on borrowings	582,379	-
<b>Total deferred tax liabilities</b>	<b>875,528</b>	<b>29,944</b>
<b>Deferred tax asset</b>		
Provision for gratuity	56,008	40,185
Contingent provision against standard assets (housing loan and non-housing loan)	349,137	30,761
Carry forward losses	11,273,835	3,599,242
Preliminary expenses	118,243	192,282
<b>Total deferred tax asset</b>	<b>11,797,223</b>	<b>3,944,535</b>
<b>Deferred tax asset (net) *</b>	<b>10,921,695</b>	<b>3,914,591</b>

\* In the absence of virtual certainty regarding availability of sufficient future taxable income, deferred tax asset has not been recognised.

**2.25 Disclosure on specified bank notes (SBNs)**

During the year, the Company had Specified Bank Notes (SBN's) or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of SBN held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBN's and other notes as per the notification is given below: -

Particulars	SBN's*	Other denomination notes	Others#	Total
Closing cash in hand as on 8 November 2016	-	-	-	-
Add: Permitted Receipts	26,000	191,619		213,119
Less: Permitted Payments		-		-
Less: Amount deposited in Banks	26,000	165,669	6,300	193,469
<b>Closing Cash in hand as on 30 December 2016</b>	<b>-</b>	<b>19,650</b>	<b>-</b>	<b>19,650</b>

\* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated 08 November 2016.

# Out of total deposit of Rs. 193,469 the Company has received bank confirmations for Rs. 187,169 for deposits in the bank accounts of the Company in SBN/other denominations. The remaining amount Rs. 6,300 has been disclosed as "Others".





**Aviom India Housing Finance Private Limited****Significant accounting policies and Notes to the financial statements for the year ended 31 March 2018**

(All amounts are in Indian Rupees)

**2.26 Earnings per share**

Basic and diluted earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

S.N.	Particulars	Units	Year ended 31 March 2018	Year ended 31 March 2017
(a)	Profit after tax attributable to equity shareholders	Rs.	(28,944,604)	(12,351,329)
<b>Computation of weighted average number of equity shares of Rs.10 each</b>				
	Number of shares at the beginning of the year	Nos.	12,181,000	10,151,000
	Number of shares issued during the year	Nos.	1,000,100	20,30,000
	Total number of equity shares outstanding at the end of the year	Nos.	13,181,100	12,181,000
(b)	Weighted average of number of equity shares	Nos.	13,063,207	10,844,753
(c)	Basic and Diluted Earnings Per Share (a/b)		(2.22)	(1.14)

**2.27 Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year ended 31 March 2018:**

- There has been no penalty imposed by National Housing Bank; and
- There has been no adverse comments in writing from National Housing Bank on regulatory compliances, which require a specific communication by the Company to the public.

As per our report of even date attached

**For BSR & Associates LLP**

*Chartered Accountants*

Firm registration number: 116231W/ W-100024

**Manish Gupta**

*Partner*

Membership No.: 095037

**For and on behalf of the Board of Directors of**

**Aviom India Housing Finance Private Limited**

**Kaajal Ajay Iimi**

*Director*

DIN No.: 00390771

**Om Parkash Sikka**

*Director*

DIN No.: 05138374

**Ramandeep Singh**

*Financial Controller*

**Sneha Kumari**

*Company Secretary*

Membership No.-ACS-52824

Place: Gurugram

Date: 28 August 2018

Place: New Delhi

Date: 28 August 2018