

Dineshkumar Jain

Chartered Accountant
Shreeji Plaza, 4th floor Valkeshwari Nagri,
Opp. Dr. Takwani Hospital,
Jamnagar - 361 008

Independent Auditors' Report on the Financial Statement

To the Members of
KHUSHBU AUTO FINANCE LIMITED

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of **KHUSHBU AUTO FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, Cash Flow Statement, and a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2021;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matters Paragraph:

I would like to draw your attention to Note No. 2.1 of the Notes on Accounts & Significant Accounting Policies of the Financial Statements which states the management's estimation of impact of COVID-19 on financial statements of the company for the year ended March 31, 2021.

My opinion is not modified in respect of this matter.



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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 preparation and presentation of these financial statement to give a true and fair view of the financial position, financial performance and statement cash flows of the Company in accordance with accounting principles generally accepted in India, specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Board's Report including Annexure to Board's Report but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the course of my audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



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Auditors' Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, I am also responsible for expressing my opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.



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Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. I consider quantitative materiality and qualitative factors in

- (i) planning the scope of my audit work and in evaluating the results of my work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

I 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 I identify during my audit.

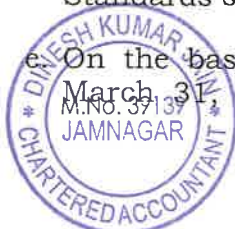
I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, I considered appropriate and according to the information and explanations given to me, I give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, I report that:
 - a. I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - b. In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In my opinion, the aforesaid Financial Statement comply with the Accounting Standards specified under Section 133 of the Act.

On the basis of written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the



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directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to my separate report in "Annexure B", and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In my opinion and to the best of my information and according to the explanations given to me, no remuneration is paid by the Company to its directors during the year and hence provisions of section 197 of the Act are not applicable.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanation given to me;
- The company has no pending litigations.
 - The company does not have any long-term contracts including derivative contracts, hence the question of any material foreseeable losses does not arise;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.



Dineshkumar Jain
Chartered Accountant
Membership No. 039139



Place: Jamnagar
Date: 25th June, 2021
UDIN: 21039139AAAACB5593

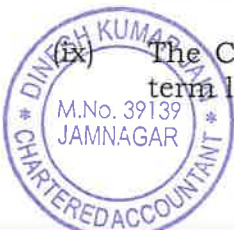
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ANNEXURE "A" TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditor's Report to the members of the company on financial statement for the year ended March 31, 2021, I report that


- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been physically verified by the management during the year which in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to me and on the basis of my examination of the records of the company, company does not have any immovable properties.
- (ii) The company is non-banking finance company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the company.
- (iii) As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act, accordingly, the provisions stated in paragraph 3 (iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) Based on information and explanation given to me in respect of loans, investments, Guarantees and securities, the Company has complied with the provisions of section 185 and 186(1) of the Act. Further, the provisions of section 186 {except for sec 186(1)} the Act are not applicable to the Company as it is engaged in the business of financing.
- (v) In my opinion and according to the information and explanations given to me, the Company has complied with the directions issued by the Reserved Bank of India and the provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, GST, and other material statutory dues applicable to it.
 - (b) According to the records of the Company, the dues outstanding of income-tax, GST, on account of any dispute, is Nil.
- (viii) According to the information and explanations given to me, the Company has not defaulted in repayment of dues to financial institution or banks.
 - (ix) The Company has not raised money by way of public issue or by way of term loan during the year.



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- (x) During the course of my 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 me, I have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have I been informed of such case by the management.
- (xi) According to the information and explanations given to me and based on my examination of the 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 to the Act.
- (xii) In my opinion and according to the information and explanations given to me, the company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to information and explanation given to me and on the basis of books of accounts and other relevant records of the company, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Note 28 of the Financial Statements as required by the applicable accounting standards.
- (xiv) According to information and explanation given to me company has not made preferential allotment of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- (xv) According to information and explanation given to me and on the basis of books of accounts of the company, no non cash transaction is entered into by the company during the year with the directors and persons connected with him.
- (xvi) The company is registered under section 45-IA of the Reserve Bank of India Act, 1934 vide Certificate of Registration no. 01.00311 dated 19.08.1999.


Dineshkumar Jain
Chartered Accountant
Membership No. 039139



Place: Jamnagar
Date: 25th June, 2021
UDIN: 21039139AAAACB5593

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ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (‘the act’)

I have audited the internal financial control over financial reporting of Khushbu Auto Finance Limited (‘the company’) as of March 31, 2021 in conjunction with my audit of the financial statement 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 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 (‘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 the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, and accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

My responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on my audit. I conducted my 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 Companies Act, 2013, 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 I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company’s internal financial controls system over financial reporting.



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Meaning of Internal Financial Control over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting 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 authorization of the management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In my opinion, the company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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.




Dineshkumar Jain
Chartered Accountant
Membership No.039139

Place: Jamnagar
Date: 25th June, 2021
UDIN: 21039139AAAACB5593

Dineshkumar Jain

Chartered Accountant

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AUDITORS' REPORT

Pursuant to Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016

To,
The Board of Directors of
Khushbu Auto Finance Limited,
Jamnagar

I am the statutory auditor of Khushbu Auto Finance Limited (hereinafter known as 'the company') and I have audited the accounts of the company for the year ended 31st March, 2021 and I report as under:

1. The company has been duly registered with the Reserve Bank of India vide registration no. 01.00311 dated 19th August, 1999 and it is explained to me that same is in force.
2. The company is entitled to continue to hold Certificate of Registration in terms of its principal business criteria (Financial asset / income pattern) as on 31st March, 2021.
3. The company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
4. The Board of Directors of the company have passed a resolution for the non-acceptance of public deposit in the meeting and it is in force.
5. The company has not accepted any public deposit during the year ended 31st March, 2021.
6. As per the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, the company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it.
7. The company has filed the Annual Return in form NBS-8 of F.Y. 2019-20 on 30.06.2020.


Dineshkumar Jain
Chartered Accountant
Membership No. 039139



Signed at Jamnagar on 25th June, 2021
UDIN: 21039139AAAACD9081

BALANCE SHEET AS AT 31st MARCH, 2021

(Amt in lakhs)

Particulars	Notes	As at 31-Mar-2021	As at 31-Mar-2020
I EQUITY AND LIABILITIES			
1 Shareholders' Fund			
(a) Share Capital	3	3,940	3,940
(b) Reserves & Surplus	4	2,956	2,427
Sub-Total Shareholders' Fund		6,896	6,367
2 Non Current Liabilities			
(a) Long Term Borrowings	5	-	249
(b) Other Non- Current Liabilities	6	204	519
(c) Long Term Provisions	7	282	216
Sub-Total Non-Current Liabilities		486	984
3 Current Liabilities			
(a) Short-term borrowings	8	7,204	6,719
(b) Trade payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	9	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		141	84
(c) Other current liabilities	10	1,029	860
(d) Short term Provisions	11	345	226
Sub-Total Current Liabilities		8,719	7,889
TOTAL EQUITY & LIABILITIES		16,101	15,240
II ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment & Intangible Assets			
(i) Property, Plant and Equipment	12	63	78
(ii) Intangible assets	12	9	14
(b) Deferred Tax Assets	13	209	168
(c) Receivables under financing activity	14	7,199	8,712
Sub-Total - Non Current Assets		7,480	8,972
2 Current Assets			
(a) Receivables under financing activity	14	7,790	5,682
(b) Cash and cash equivalents	15	48	24
(c) Short-term Loans and Advances	16	118	183
(d) Other current assets	17	665	379
Sub-Total - Current Assets		8,621	6,268
TOTAL ASSETS		16,101	15,240

Summary of Notes to Accounts & Significant Accounting Policies 1 & 2

The notes referred to above forms an integral part of the Balance Sheet.

As per our report of even date

Dinesh Kumar Jain
Chartered Accountant
Membership No.: 039139



**For and on behalf of Board of Directors of
Khushbu Auto Finance Limited**

Alpesh B. Chandra *Chetankumar V. Patel*

Alpesh B. Chandra
Director
DIN: 00061548

Chetankumar V. Patel
Director
DIN: 00061443

Anita N. Chandra
Anita N. Chandra
Director &
CFO
DIN: 07610731

Bharti G. Ajudiya
Bharti G. Ajudiya
Company
Secretary



Place : Jamnagar

Date : 25th June, 2021

UDIN : 21039139AAAACB5593



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2021

(Amt in lakhs)

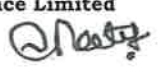
Particulars	Notes	Year ended on 31-Mar-2021	Year ended on 31-Mar-2020
I INCOME			
Revenue from operations	18	3,380	3,265
Other income	19	7	-
TOTAL REVENUE		3,387	3,265
II EXPENSES			
Employee benefits expense	20	300	382
Finance Costs	21	929	933
Depreciation and amortization expense	12	21	23
Loan Losses and Provisions	22	655	824
Other expenses	23	781	666
TOTAL EXPENSES		2,686	2,828
III Profit before tax (I-II)		701	437
IV Tax expenses			
Provision for Current Tax		222	156
Taxation of Earlier Years		-8	26
Deferred Tax Assets		-42	-65
Total Tax Expenses		172	117
V PROFIT/(LOSS) FOR THE YEAR		529	320
VI Earnings per equity share	24	1.34	0.81

Summary of Notes to Accounts & Significant Accounting Policies 1 & 2
 The notes referred to above forms an integral part of the Profit & Loss Account.
 As per our report of even date


Dinesh Kumar Jain
 Chartered Accountant
 Membership No.: 039139



For and on behalf of Board of Directors of
 Khushbu Auto Finance Limited

 
Alpesh B. Chandra **Chetankumar V. Patel**
 Director Director
 DIN: 00061548 DIN: 00061443



 
Anita N. Chandra **Bharti G. Ajudiya**
 Director & CFO Company Secretary
 DIN: 07610731

Place : Jamnagar
 Date : 25th June, 2021
 UDIN : 21039139AAAACB5593



CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2021

Particulars	(Amt in lakhs)	
	Year ended on 31-Mar-2021	Year ended on 31-Mar-2020
A. Cash flow from operating activities		
Net profit before taxation	701	437
Adjustment for:		
Depreciation	21	23
Loan Losses & Provisions	637	824
Finance Cost	929	933
Operating Profit before working capital changes	2,288	2,217
Movements in working capital:		
Decrease/-Increase in Receivable from Finance Activities (Long Term and Short Term)	-583	-385
Decrease/-Increase in Loans and Advances and Other Current Assets (Long Term and Short Term)	-260	-331
Increase/-Decrease in Trade Payables	57	-156
Increase/-Decrease in other current & non-current liabilities & provisions	-581	-568
Sub-Total Movement in Working Capital	-1,367	-1,440
Net Cash generated from operations	921	777
Direct taxes paid (net of refunds)	-203	-53
NET CASH FROM OPERATING ACTIVITIES	718	724
B. Cash flow from investing activities		
Purchase of Fixed Assets	-1	-19
Proceeds from disposal of Investment in subsidiary	-	5
NET CASH FLOW FROM INVESTING ACTIVITIES	-1	-14
C. Cash flow form financing activities		
Finance Cost	-929	-933
Increase/-Decrease in Long term borrowing relating operation	-249	-500
Increase/-Decrease in short term borrowing relating operation	485	732
NET CASH CLOW FROM FINANCING ACTIVITIES	-693	-701
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	24	9
Cash and cash equivalents at the beginning of the year	24	15
Cash and cash equivalents at the end of the year	48	24
Components of cash and cash equivalents as at the end of the year		
Cash and cheques on hand	13	9
Investment		
With bank		
- In current account & cash credit	35	15
TOTAL	48	24

The figures of the previous year have been re-grouped wherever found necessary.

As per our report of even date

Dinesh Kumar Jain
Chartered Accountant
Membership No.: 039139



For and on behalf of Board of Directors of
Khushbu Auto Finance Limited

Alpesh B.
Chandra
Director
DIN: 00061548

Chetankumar
V. Patel
Director
DIN: 00061443

Anita N.
Chandra
Director &
CFO
DIN: 07610731

Bharti G.
Ajudiya
Company
Secretary



Place : Jamnagar
Date : 25th June, 2021
UDIN : 21039139AAAACB5593

KHUSHBU AUTO FINANCE LIMITED**Notes on Accounts & Significant Accounting Policies****1 Note on Accounts****(a) Corporate information**

Khushbu Auto Finance Limited, incorporated on 19-08-1994 is a Non Banking Finance Company registered with Reserve Bank of India with registration certificate no. 01.00311. The company is mainly engaged in the business of lending. Khushbu Auto Finance Limited has a lending portfolio of three-wheeler vehicle loan in urban and rural India and business loan in real estate sector.

The Company has been reclassified as NBFC-Investment and Credit Company (NBFC-ICC) in accordance with RBI, vide the circular - 'Harmonisation of different categories of NBFCs' issued on 22 February 2019.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 25 June 2021, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

(b) The disclosures required in terms of Paragraph 18 of the Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 are given in the Note No.30 forming part of these Financial Statements.

(c) The disclosures required in terms of RBI Circular DNBS (PD).CC.No.15/02.01/2000-2001 dated June 27, 2001 w.r.t. Asset Liability Management are given in the Note No.31 forming part of these Financial Statements.

2 Basis of Preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 3 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

Further, the Company follows 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 Non-Banking Financial Companies.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Impact of COVID-19

The Covid-19 pandemic has affected several countries across the world, including India, consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates has considerably impacted company's business operations during the year ended March 31, 2021.

In accordance with the Reserve bank of India (RBI) guidelines related to "COVID-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company has offered moratorium to its customers based on the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated August 6, 2020.

The impact of COVID-19 pandemic including the ongoing "second wave", on Company's operations and financial metrics, will depend on the future developments, which are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these financial statements, to determine the financial implications.



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KHUSHBU AUTO FINANCE LIMITED**Notes on Accounts & Significant Accounting Policies****2.2 Summary of significant accounting policies****(a) Use of estimates**

The Preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure, and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(c) Depreciation on tangible/intangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives under section 123 of the Companies Act, 2013

Useful lives of assets estimated by management (years)

Furniture and fixtures	10
Office Equipment	5
Motor Car	8
Other Vehicles	10
Computer end user device	3
Computer server	6
Intangible Assets	5

(d) Income taxes

Income tax expense is accrued in accordance with AS 22 - 'Accounting for taxes on income' which includes current taxes and deferred taxes. Deferred taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available.

Current tax and deferred tax are charged to profit and loss account of the year. Deferred tax is measured based on the tax rate and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not netted off as the company does not have a legal right to set off.

Deferred tax are recognised for all timing differences of the current year and un-reversed timing differences of earlier years. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

Tax expense comprises both current and deferred taxes. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable profit will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.



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KHUSHBU AUTO FINANCE LIMITED**Notes on Accounts & Significant Accounting Policies****(e) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period 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.

(f) Segment Reporting

The company is engaged primarily in the business of asset financing activities and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

(g) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis. Unrealized interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-performing.

i. Interest Income and other penal charges

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable contracted rate. Interest Income on Non Performing Assets are reversed as per the RBI norms on NBFC. Penal charges on business loan are charged when default are made by the borrower as per loan agreement executed. Penal charges on asset finance loan are charged where there is reasonable certainty. However, when ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

ii. Subvention Income

Revenue is recognised when company has financed three wheelers of Atul Auto Ltd as per terms and condition agreed upon.

(h) Income from Loans:

Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts

(i) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

→Provisions for non-performing assets are made in conformity with RBI guidelines:

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as and when amended. Delinquencies on assets securitised/assigned are provided for based on management estimates.

Provision on standard assets is made as per Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as and when amended.

→Provisions for assets on which moratorium for repayment are granted in conformity with RBI Circular dated 17th April, 2020.

Provisioning is made for such assets which would otherwise (i.e., without availing the benefit related to asset classification) have been marked as NPA and the said provisioning is not made for accounts which otherwise would have continued to be under standard category.



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KHUSHBU AUTO FINANCE LIMITED**Notes on Accounts & Significant Accounting Policies**

These provisions shall be adjusted later on against the provisioning requirements for actual slippages in such accounts. The residual provisions at the end of the financial year, if any will be written back or adjusted against the provisions required for all other accounts. The provisions shall not be considered for arriving NPA provision till they are adjusted against the provision required for other accounts. Also, till such adjustments, these provisions shall not be netted from gross advance and shown separately in the balance sheet.

→Collateral repossessed

The Company generally does not use the assets repossessed for the internal operations. The underlying loans in respect of which collaterals have been repossessed with an intention to realize by way of sale are considered as NPA. The Company resorts to regular repossession of collateral provided against vehicle loans. As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

→Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

→Restructured, rescheduled and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request.

When the loan has been renegotiated or modified but not derecognised, the Company also complied with the RBI Circular No. DOR.No.BP.BC/4/21.04.048/2020-21 dated 06.08.2020.

(j) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(k) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Company has created Employee Group Gratuity Fund which has taken a Group Gratuity Insurance Policy from Life Insurance Corporation of India (LIC). Premium on the above policy as intimated by LIC is charged to the profit and loss account. The adequacy of balances available is compared with actuarial valuation obtained at the period-end and shortfall, if any, is provided for in the profit and loss account.

(m) Impairment

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.



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KHUSHBU AUTO FINANCE LIMITED

Notes on Accounts & Significant Accounting Policies

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

(Amt in Lakhs)

Note No.	Particulars		31-Mar-21	31-Mar-20
3	SHARE CAPITAL			
a	<u>Authorized Share Capital</u>			
	Equity Shares of Rs. 10 each	Amt	4,000	4,000
	Equity Shares of Rs. 10 each	No of Shares	400	400
	Issued, Subscribed & Paid up Share Capital			
	Equity Shares of Rs. 10 each	Amt	3,940	3,940
		No of Shares	394	394
	TOTAL		3,940	3,940

b Reconciliation of the shares outstanding at the beginning and at the end of the reporting period - Equity Shares

At the beginning of the period	Amt	3,940	3,940
	No of Shares	394	394
Issue during the year	Amt	-	-
	No of Shares	-	-
Outstanding at the end of the period	Amt	3,940	3,940
	No of Shares	394	394

c Terms/Rights attached to Equity Shares

The company has only one class of equity shares having a per share value of Rs. 10/-. 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.

d Details of shareholders holding more than 5% shares in the company

		<u>No and % of total holding</u>	<u>No and % of total holding</u>
Atul Auto Ltd	% of holding	30.00%	30.00%
	No of Shares	11,820,000	11,820,000
Manju Vijay Kedia	% of holding	17.00%	17.00%
	No of Shares	6,698,000	6,698,000
Jayantibhai J. Chandra	% of holding	7.51%	2.28%
	No of Shares	2,959,460	899,460
Kedia Securities Pvt. Ltd.	% of holding	5.33%	5.33%
	No of Shares	2,099,605	2,099,605
Vijay Kishanlal Kedia	% of holding	1.28%	17.67%
	No of Shares	502,995	6,962,395

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

e During the year under consideration, the company has entered into a Memorandum of Understanding on 30th October, 2020 with Atul Auto Limited & the promoters of Khushbu Auto Finance Limited for transfer of shares & control to Atul Auto Limited & issue of 2,75,80,000 number of Participative Preference Shares ('PPS') having face value of Rs. 10 each at the price of Rs. 16.16 per share with the following terms and conditions, subject to the approval of the Reserve Bank of India (RBI):

1. PPS shall be redeemable at the end of 5 years from the date of issue.
2. Redemption price shall be the Book value on the latest audited/ limited review balance sheet on the date of redemption.
3. PPS shall carry 0% fixed dividend.
4. In the event of declaration of dividend to Equity shareholders, the PPS holders shall be entitled to same rate of dividend.
5. In the event of liquidation of company, PPS holder shall not carry any preferential right on distribution of assets.
6. In the event of liquidation of company, balance remained after set off of all liabilities will be distributed in Equity shareholders & PPS holders in the proportion of number of shares held by the shareholders.
7. PPS holders shall not carry any voting rights.



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KHUSHBU AUTO FINANCE LIMITED
Notes forming part of Financial Statements for the year ended on 31st March, 2021

(Amt in Lakhs)

Note No.	Particulars	31-Mar-21	31-Mar-20	
4	RESERVES & SURPLUS			
a	<u>Reserve Fund in terms of section 45IC(1) of the Reserve Bank Of India Act, 1934</u>			
	Balance as per last financial statements	699	635	
	Add: Set aside during the year	106	64	
	Closing Balance	805	699	
b	<u>Securities Premium Account</u>	965	965	
c	<u>General Reserve</u>	2	2	
d	<u>Surplus in the Statement of Profit and Loss</u>			
	Balance as per last financial statement	761	505	
	Add: Profit/(Loss) during the year	529	320	
	Less: Transfer to Reserve Fund in terms of section 45IC(1) of the Reserve Bank Of India Act, 1934	-106	-64	
	Closing Balance	1,184	761	
	TOTAL	2,956	2,427	
5	LONG TERM BORROWINGS			
	Borrowings from Bank	-	249	
	TOTAL	-	249	
	<u>Terms & Conditions of Long Term Borrowings from bank</u>			
	Particulars	No. of Installments	2020-21	2019-20
	From DCB Bank			
	Loan is to be repayable in 36 equal monthly installments after 3 months moratorium from the date of disbursement interest to be serviced as and when due.	6 (Prev. Year 12)	249	500
		Nil (Prev. Year 6)	-	249
	Bank Loan is secured by paripassu charges on entire current assets including receivables of the company with minimum assets cover of 1.25 times. It carries rate of interest @ 6 month MCLR + 0.75% p.a. Company has not availed moratorium in repayment of principal and interest as per RBI Circular dated 27 th March, 2020.			
6	OTHER NON CURRENT LIABILITIES			
	Security Deposit		204	519
	TOTAL		204	519
7	LONG TERM PROVISIONS			
	General Provision on Standard Assets		15	14
	General Provision on Restructured Advances as per RBI notification dated 06.08.2020		64	-
	Provision for Non Performing Assets as per RBI norms		203	202
	TOTAL		282	216



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KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

(Amt in Lakhs)

Note No.	Particulars	31-Mar-21	31-Mar-20
8	SHORT TERM BORROWINGS		
	Secured Borrowings from Bank		
	<u>Cash Credit</u>		
	Yes Bank	-	2,766
	ICICI Bank	1,073	2,453
	IDBI Bank	-	-
	<u>Working Capital on Demand Loan Account</u>		
	Yes Bank	4,000	-
	IDBI Bank	700	1,500
	ICICI Bank	1,000	-
	Inter Corporate Deposit		
	Khushbu Auto Private Limited	431	-
	TOTAL	7,204	6,719

Terms & Conditions of Short Term Borrowings from Banks**Cash Credit:****Yes Bank**

Cash Credit facility is secured by way of first pari passu charge on stock on hire purchase, installments receivables and entire current assets of the borrower and corporate guarantee given by Atul Auto Limited, holding 30% equity share in the company. It carries rate of interest @ 3 months MCLR +1% for year ended on 31.03.2020 & external benchmark rate + 6.27% for the year ended on 31.03.2021.

ICICI Bank

Cash Credit facility is secured by way of first pari passu charge on stock on hire purchase, installments receivables and entire current assets of the borrower and corporate guarantee given by Atul Auto Limited, holding 30% equity share in the company. It carries rate of interest @ 6 month MCLR + 1.65% and is repayable on demand.

IDBI Bank

Cash Credit facility is secured by way of first pari passu charge on stock on hire purchase, installments receivables and entire current assets of the borrower and corporate guarantee given by Atul Auto Limited, holding 30% equity share in the company. It is repayable on demand and carries rate of interest @ 1.70 + 1 year MCLR for the year ended on 31.03.2020 & MCLR (Y) + 2.35% for the year ended on 31.03.2021.

Working Capital on Demand Loan (WCDL) :

WCDL is secured as per securities covered under cash credit. Rate of interest is to be decided at the time of draw down of WCDL and maximum tenure for repayment is 90 days.

Inter-Corporate Deposit from Khushbu Auto Private Limited

ICD from Khushbu Auto Private Limited is unsecured and repayable on demand. It carries interest @ 9% p.a.

9 TRADE PAYABLES**Trade payables**

Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	141	84
TOTAL	141	84

Details of dues to Micro, small and Medium Enterprises as per MSMED Act, 2006

The Company has initiated the process of obtaining the confirmation from suppliers who have registered under the Micro, Small and Medium enterprise development Act, 2006 (MSMED Act, 2006) based on the information available with the company, the balance due to micro and small enterprise as defined under the MSMED Act, 2006 is Nil. No interest has been paid or payable under MSMED Act, 2006 during the year.

There are no dues payable to MSME in view of the business of the company.



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KHUSHBU AUTO FINANCE LIMITED
Notes forming part of Financial Statements for the year ended on 31st March, 2021

(Amt in Lakhs)

Note No.	Particulars	31-Mar-21	31-Mar-20		
10	OTHER CURRENT LIABILITIES				
	Statutory Dues	27	11		
	Security Deposits	199	55		
	Current Maturities of Long term Debt	249	500		
	Expenses Payable	527	255		
	Other	27	39		
	TOTAL	1,029	860		
11	SHORT TERM PROVISIONS				
	<u>Provision for Employee Benefits</u>				
	Provision for Salary & Bonus	23	29		
	Provision for Staff Welfare	2	2		
	Provision for Provident Fund, ESIC & Other Funds	10	11		
	<u>Others</u>				
	Provision for Delinquency Fund Expenses	14	-		
	<u>Provisions on Financial Assets</u>				
	Provisions on receivables from Income Distribution Partners	203	45		
	General Provision on Standard Assets	19	18		
	General Provision on Restructured Advances as per RBI notification dated 06.08.2020	45	-		
	Moratorium provision on Retail / Business Loans as per RBI circular dated 17.04.2020	-	63		
	<u>Income Tax Provision</u>				
	Provision for Income Tax (Net of Advance Tax & TDS)	29	58		
	TOTAL	345	226		
13	DEFERRED TAX ASSETS				
	On Provisions on Loans/ Receivables	126	87		
	On Gratuity Provision	2	2		
	On Interest Income recognised as per ICDS	77	78		
	Others	4	1		
	TOTAL	209	168		
14	RECEIVABLES UNDER FINANCING ACTIVITIES				
		Non Current 2021	Non Current 2020	Current 2021	Current 2020
	Secured against hypothecation of automobiles				
	Standard Assets	5,025	6,458	6,098	4,269
	Sub-Standard Assets	1,050	1,665		
	Doubtful Assets	283	55		
	Loss Assets	1	2		
		6,359	8,180	6,098	4,269
	Business loan secured by immovable properties				
	Standard Assets	840	532	1,692	1,413
	TOTAL	7,199	8,712	7,790	5,682



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KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

Note No.	Particulars	(Amt in Lakhs)	
		31-Mar-21	31-Mar-20
15	CASH & CASH EQUIVALENT		
	Balances with Bank		
	-In Current Accounts & Cash Credits	35	15
	Cash on Hand	13	9
	TOTAL	48	24
16	SHORT-TERM LOANS AND ADVANCES		
	Unsecured Considered Good		
	Deposits	8	8
	Balances with Government Authorities	51	73
	Other receivables	59	102
	TOTAL	118	183
17	OTHER CURRENT ASSETS		
	i. Receivable from Collection Agent / Income Distribution Partners		
	Considered Good	136	216
	Considered Doubtful	362	45
	ii. Other Receivables Unsecured Considered Good		
	Interest accrued	144	118
	Other receivables	23	-
	TOTAL	665	379



KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

(Amt in Lakhs)

Note No.	Particulars	31-Mar-21	31-Mar-20
18	REVENUE FROM OPERATIONS		
	Finance activity		
	a) Financing charges	3,117	2,830
	b) Service and administration charges	50	71
	Other operating revenue		
	Finance Subvention / Incentive	57	185
	Penal Interest Income	152	171
	Other Misc Income	4	8
	TOTAL	3,380	3,265
19	OTHER INCOME		
	Interest on Income Tax Refund	7	-
	TOTAL	7	-
20	EMPLOYEE BENEFIT EXPENSES		
	Salary, Wages & Bonus	254	315
	Contribution to Provident and other funds	16	21
	Staff Welfare	30	46
	TOTAL	300	382
21	FINANCE COSTS		
	Interest on Working Capital	672	686
	Interest on Security Deposit of Income Distribution Partners	110	56
	Corporate Guarantee fees	75	78
	Term Loan Interest	51	103
	Loan Processing Fees	9	5
	Interest on Income Tax	9	-
	Bank Charges	3	5
	TOTAL	929	933
22	LOAN LOSSES AND PROVISIONS		
	Bad Debts Written Off & Loan Losses	428	822
	Provision on Receivables from Income Distribution Partners	159	-
	General provision on Restructured Advances	109	-
	Delinquency Fund Expense	18	-
	General provision for Standard Assets	3	-1
	Provision for NPA (as per RBI norms)	1	-60
	Moratorium provision/ (Reversal of Provision) on Retail Loans	-10	10
	Moratorium provision/ (Reversal of Provision) on Business Loans	-53	53
	TOTAL	655	824



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KHUSHBU AUTO FINANCE LIMITED
Notes forming part of Financial Statements for the year ended on 31st March, 2021
(Amt in Lakhs)

Note No.	Particulars	31-Mar-21	31-Mar-20		
23	OTHER EXPENSES				
	Remuneration to Income Distribution Partners	564	385		
	Rates & Taxes	48	59		
	Sourcing and Credit Cost	35	30		
	Recovery Cost	30	31		
	Rent Expenses	29	47		
	IT & Communication Cost	16	19		
	Legal & Consultancy Charges	14	23		
	Donation / CSR Expenses	13	15		
	Travelling	9	19		
	Office Expenses	7	10		
	Insurance	7	3		
	Repairs & Maintenance	4	9		
	Auditor's Remuneration	3	4		
	Other General & Admin	2	12		
	TOTAL	781	666		
	Payment to auditors includes				
	Statutory Audit Fees	3	3		
	Limited Review	0	0		
	Audit Reimbursement	-	1		
		3	4		
24	EARNING PER SHARE				
	Net profit as per P & L (Rs. In lakhs)	529	320		
	Weighted Average No. of share	394	394		
	Earning Per Share	1.34	0.81		
25	DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION (RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014):				
	Disclosure on Restructured Accounts				
		Standard Advances	Sub-standard Advances	Doubtful Advances	Loss Advances
	Type of Restructuring asset classification details				
	Fresh Accounts Restructured during the financial year 2020-21	1,703	7	-	-
	Number of Borrowers				
	Amount Outstanding (In lakhs)	2,172	4	-	-
	Provision thereon (In lakhs)	114	0	-	-
26	CONTINGENT LIABILITIES NOT ACKNOWLEDGED AS DEBT				
		2020-21	2019-20		
	Particulars				
	Outstanding amount of share of loan given by finance company to end user and guaranteed by the company	1,208	-		
	Total	1,208	-		



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KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

(Amt in Lakhs)

Note No.	Particulars	31-Mar-21	31-Mar-20
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27 PROVISION FOR GRATUITY

The company has a defined benefit gratuity plan. Every employee who has completed five years or more service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Particulars	2020-21	2019-20
Net employee benefit expenses recognised in the employee cost		
Current Service cost	4	5
Interest cost on benefit obligation	1	1
Expected return on Plan assets	-1	-1
Net Actuarial (Gain)/Loss recognised in the year	-2	-2
Net benefit Expense	2	3
Benefit Asset / Liability		
Present Value of Defined Benefit Obligation	20	19
Fair Value of Plan Assets	-7	-7
Plan (Asset)/Liability	13	12
Changes in the present value of defined benefit obligation are as follows		
Opening Defined benefit obligation	19	16
Interest cost	1	1
Current Service cost	4	5
Benefit paid	-1	-
Actuarial (Gain)/Loss on obligation	-3	-3
Closing Defined benefit obligation	20	19
Changes in the fair value of plan assets are as follows		
Opening fair value of plan assets	7	6
Expected return	1	1
Contribution by Employer	-	0
Benefit paid	-1	-
Actuarial Gain/(Loss)	-	-0
Closing fair value of plan assets	7	7
Discount rate	7.00%	7.25%
Interest rate	6.84%	7.44%

28 OTHER NOTES

Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.



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KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

NOTE NO. 12: FIXED ASSETS

(Amt. In Lakhs)

Particulars	Tangible Fixed Assets					Total	Intangible Assets
	Furniture & Fixtures	Other Assets (P & M)	Office Equipment	Computer	Vehicles		
Cost							
As at 31st March, 2020	50	25	13	61	37	186	22
Additions	0	-	1	0	-	2	-
Disposals	-	-	-	-	-	-	-
As at 31st March, 2021	50	25	14	61	37	188	22
Depreciation							
As at 31st March, 2020	15	7	4	50	32	108	9
Additions	4	2	3	7	1	17	4
Disposals	-	-	-	-	-	-	-
As at 31st March, 2021	19	9	7	57	33	125	13
Impairment Loss							
As at 31st March, 2020	-	-	-	-	1	1	-
Charge for the year	-	-	-	-	-	-	-
As at 31st March, 2021	-	-	-	-	1	1	-
Net Block							
As at 31st March, 2020	35	18	10	11	4	78	14
As at 31st March, 2021	31	16	7	4	3	63	9



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KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

(Amt. In Lakhs)

NOTE NO. 29 RELATED PARTY DISCLOSURE**(a) Name of Related Parties:**

Investor Company	:	1 Atul Auto Limited		
Key Management Personnel	:	1 Alpesh B. Chandra	Director	
		2 Mahesh J. Chandra	Director	
		3 Chetankumar V. Patel	Director	
		4 Anita N. Chandra	Director & CFO	
		5 Bharti G. Ajudiya	Company Secretary	
Enterprises owned or significantly influenced by key personal management or their relatives	:	1 Khushbu Auto Private Limited		

(b) Transaction with Related Parties:

		2020-21	2019-20
Atul Auto Limited	1 Rent	6	15
	2 Corporate Guarantee Fees	88	78
	3 Finance Subvention Income	42	183
Key Management Personnel	1 Remuneration to Chief Financial Officer	7	7
	2 Remuneration to Company Secretary	2	1



KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

NOTE NO. 30 : DISCLOSURE IN TERMS OF NON-BANKING FINANCIAL (NON-DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2016

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

(AS REQUIRED IN TERMS OF PARAGRAPH 19 OF NON-BANKING FINANCIAL COMPANY - NON-SYSTEMATICALLY IMPORTANT NON DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016)

(Amt. in lakhs)

Liabilities side

(1)	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :	Amount outstanding	Amount overdue
	Debentures : Secured	-	-
(a)	Debentures : Unsecured (other than falling within the meaning of public deposits*)	-	-
(b)	Deferred Credits	-	-
(c)	Term Loans	249	-
(d)	Inter-corporate loans and borrowing	431	-
(e)	Commercial Paper	-	-
(f)	Public Deposit*	-	-
(g)	Other Loans - Working Capital Finance from Banks	6,773	-
	(* Please refer Note 1 below)		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a)	In the form of Unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where	-	-
(c)	Other Public deposits	-	-
	(* Please refer Note 1 below)		

Assets side :

		Amount outstanding
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a)	Secured	2,532
(b)	Unsecured	-
(4)	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	-
(b)	Operating lease	-
	(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	83
(b)	Loans other than (a) above	12,374



Chandee

Prasanna

Harsh

Balraj



KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

NOTE NO. 30 : DISCLOSURE IN TERMS OF NON-BANKING FINANCIAL (NON-DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2016

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

(AS REQUIRED IN TERMS OF PARAGRAPH 19 OF NON-BANKING FINANCIAL COMPANY - NON-SYSTEMATICALLY IMPORTANT NON DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016)

(Amt. in lakhs)

(5) Break-up of Investments :				
Current Investments :				
1. Quoted :				
(i)	Shares :			
	(a) Equity		-	
	(a) Preference		-	
(ii)	Debentures and Bonds		-	
(iii)	Units of mutual funds		-	
(iv)	Government Securities		-	
(v)	Others (please specify)		-	
2. Unquoted :				
(i)	Shares :			
	(a) Equity		-	
	(a) 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		-	
	(a) Preference		-	
(ii)	Debentures and Bonds		-	
(iii)	Units of mutual funds		-	
(iv)	Government Securities		-	
(v)	Others (please specify)		-	
2. Unquoted :				
(i)	Shares :			
	(a) Equity		-	
	(a) Preference		-	
(ii)	Debentures and Bonds		-	
(iii)	Units of mutual funds		-	
(iv)	Government Securities		-	
(v)	Others (please specify)		-	
(6) Borrower group-wise classification of assets financed as in (3) and (4) above :				
Category		Amount net of provisions		
		Secured	Unsecured	Total
1. Related Parties **				
(a)	Subsidiaries	-	-	-
(b)	Companies in the same group	-	-	-
(c)	Other related parties	-	-	-
2. Other than related parties		14,643	-	14,643
Total		14,643	-	14,643



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KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

NOTE NO. 30 : DISCLOSURE IN TERMS OF NON-BANKING FINANCIAL (NON-DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2016

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

(AS REQUIRED IN TERMS OF PARAGRAPH 19 OF NON-BANKING FINANCIAL COMPANY - NON-SYSTEMATICALLY IMPORTANT NON DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016)

(Amt. in lakhs)

Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **			
(a)	Subsidiaries		-
(b)	Companies in the same group	-	-
(c)	Other related parties	-	-
2. Other than related parties			
		-	-
Total		-	-

** As per Accounting Standard of ICAI (Please refer Note 3)

(8) Other information

Particulars		Amount
(i)	Gross Non-Performing Assets	
(a)	Related parties	-
(b)	Other than related parties	1,334
(ii)	Net Non-Performing Assets	
(a)	Related parties	-
(b)	Other than related parties	1,131
(iii)	Assets acquired in satisfaction of debt	-

Notes:

- As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
- Provisioning norms shall be applicable as prescribed in these Directions.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other 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 shall be disclosed irrespective of whether they are classified as long term or current in (5) above.
- General provision has been made in terms of RBI Circular dated 17.04.2020 for moratorium accounts are not netted off from outstanding balance

*Chandra**Arora**Arora**Pratap*

KHUSHBU AUTO FINANCE LIMITED

Notes forming part of Financial Statements for the year ended on 31st March, 2021

NOTE NO. 31 ASSET-LIABILITY MANGEMENTMaturity pattern of certain items of assets and liabilities as at 31st March, 2021
(As per RBI Circular DNBS (PD).CC.No.15/02.01/2000-2001 dated June 27, 2001)

(Amt. in lakhs)

Particulars	Upto 1 Month	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	More than 5 year	Total
A. INFLOW									
Advances (Receivables under financing activity)	1,824	557	557	1,649	3,139	5,461	1,267	189	14,643
Other Receivables	580	-	-	-	-	-	-	-	580
Sub-total	2,404	557	557	1,649	3,139	5,461	1,267	189	15,223
Cumulative Total Inflows	2,404	2,961	3,518	5,167	8,306	13,767	15,034	15,223	15,223
B. OUTFLOWS									
IDP deposits & Other Deposits	167	1	1	7	23	148	56	-	403
Long tern borrowing	41	41	41	126	-	-	-	-	249
Short tern borrowing*	-	-	-	-	7,204	-	-	-	7,204
Trade Payable and Others	800	-	-	-	-	-	-	-	800
Sub-total	1,008	42	42	133	7,227	148	56	-	8,656
Cumulative Total Outflows	1,008	1,050	1,092	1,225	8,452	8,600	8,656	8,656	8,656
GAP	1,396	515	515	1,516	-4,088	5,313	1,211	189	6,567
CUMULATIVE GAP	1,396	1,911	2,426	3,942	-146	5,167	6,378	6,567	6,567

(*) As at 31st March, 2021, the company has undrawn working capital facility of Rs. 2,796 lakhs.



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