AVANSE FINANCIAL SERVICES LTD

Annual Report - 2018 – 19

CORPORATE INFORMATION

Board of Directors

Mr. Neeraj Swaroop	Chairperson & Independent Director	(Appointed w.e.f. July 30, 2019)
Ms. Vijayalakshmi Iyer	Independent Director	(Appointed w.e.f. July 30, 2019)
Mr. Narendra Ostawal	Non-executive Director	(Appointed w.e.f. July 30, 2019)
Ms. Savita Mahajan	Independent Director	(Appointed w.e.f. December 1, 2018)
Mr. Kapil Wadhawan	Non-executive Chairman	(Resigned w.e.f. July 31, 2019)
Mr. Suresh Mahalingam	Non-executive Director	(Resigned w.e.f. July 31, 2019)
Mr. Mahendra Kumar Chouhan	Independent Director	(Resigned w.e.f. July 31, 2019)
Mr. Suresh Kumar Jain	Independent Director	(Resigned w.e.f. July 31, 2019)
Mr. Anoop Pabby	Non-executive Director	(Resigned w.e.f. November 2, 2018)

Key Managerial Personnel

Amit Gainda	Chief Executive Officer
Rahul Bhapkar	Chief Financial Officer
Rakesh Dhanuka	Company Secretary

Joint Statutory Auditors

M/s T. R. Chadha & Co. LLP
Chartered Accountants
Mumbai

M/s Deloitte Haskins & Sells LLP
Chartered Accountants
Mumbai

Bankers / Financial Institutions

Axis Bank	Bank of Baroda	Indian Overseas Bank
Bank of India	Syndicate Bank	Shinhan Bank
Bank of Maharashtra	Union Bank of India	IndusInd Bank
HDFC Bank	Hinduja Leyland Finance Ltd	The South Indian Bank Ltd
Aditya Birla Finance Ltd	State Bank of India	Karur Vysya Bank
Indian Bank	Lakshmi Vilas Bank	UCO Bank

Registrar and Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park, L.B.S. Marg
Vikhroli West, Mumbai – 400 083
Tel: +91 22 4918 6000
Email: rnt.helpdesk@linkintime.co.in

Debenture Trustee

Catalyst Trusteeship Limited
GDA House, Plot No. 85
Paud Road, Pune – 411 038
Tel: +91 20 2528 0081 / +91 77200 15707
Email: dt@ctltrustee.com

Registered & Corporate Office

001 & 002 Fulcrum, A wing, Ground floor
Sahar Road, Next to Hyatt Regency
Andheri (East), Mumbai – 400 099
CIN No.: U67120MH1992PLC068060
Email: investorrelations@avanse.com
Website: www.avanse.com
Tel. No.: 022 6859 9999 Fax No.: 022 6859 9900

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of Avanse Financial Services Limited will be held on Thursday, September 26, 2019 at 2:00 PM at the Registered Office of the Company located at 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statement of the Company as at March 31, 2019 together with the Directors' Report and the Auditors' Report thereon.

Special Business

2. **Appointment of Ms. Savita Mahajan (DIN 06492679) as an Independent Director of the Company**

   To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder read with Schedule IV to the said Act, as amended from time to time, Ms. Savita Mahajan (DIN 06492679) who was appointed as an Additional Director categorized as an Independent Director of the Company by the Board of Directors with effect from December 1, 2018 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as an Independent Director of the Company for a term of 3 (three) consecutive years with effect from December 1, 2018, not liable to retire by rotation."

3. **Appointment of Mr. Narendra Ostawal (DIN 06530414) as Non-executive Director of the Company**

   To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, as amended from time to time, Mr. Narendra Ostawal (DIN 06530414) who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 30, 2019 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as Non-executive Director of the Company."

4. **Appointment of Mr. Neeraj Swaroop (DIN 00061170) as an Independent Director of the Company**

   To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder read with Schedule IV to the said Act, as amended from time to time, Mr. Neeraj Swaroop (DIN 00061170) who was appointed as an Additional Director categorized as an Independent Director of the Company by the Board of Directors with effect from July 30, 2019 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as an Independent Director of the Company for a term of 3 (three) consecutive years with effect from July 30, 2019, not liable to retire by rotation."

5. Appointment of Ms. Vijayalakshmi Iyer (DIN 05242960) as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder read with Schedule IV to the said Act, as amended from time to time, Ms. Vijayalakshmi Iyer (DIN 05242960) who was appointed as an Additional Director categorized as an Independent Director of the Company by the Board of Directors with effect from July 30, 2019 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as an Independent Director of the Company for a term of 3 (three) consecutive years with effect from July 30, 2019, not liable to retire by rotation."

6. Payment of Commission to the Independent Directors of the Company

To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

"**RESOLVED THAT** in accordance with the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 ('the Act') and other applicable laws including any amendment(s) thereto or modification(s) thereof, the Independent Directors of the Company be paid after the end of the each financial year commencing from August 1, 2019, commission of ₹ 10,00,000/- p.a. individually, or such sum as commission as the Board of Directors of the Company ('the Board') may determine from time to time based on performance of the Independent Director, in addition to the fees for attending the meetings of the Board and its Committees, provided however that the aggregate commission paid to such Directors in a financial year shall not exceed three percent of the net profits of the Company in terms of Section 197 of the Act, and computed in the manner referred to in Section 198 of the Act;

RESOLVED FURTHER THAT pursuant to the provisions of the Act and other applicable laws, if the Chairperson of the Company is an Independent Director, then an additional of ₹ 10,00,000/- p.a. be paid to him/her as a commission effective August 1, 2019, or such additional sum as a commission the Board may determine from time to time, provided that the aggregate commission paid to all the Independent Directors in a financial year shall not exceed the limit specified in the Act;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, things and matters as may be necessary, proper, expedient or incidental to give effect to this resolution and for matters connected therewith or incidental thereto and to settle any issues, questions, difficulties or doubts that may arise."

7. Issue of Non-Convertible Debentures on Private Placement Basis

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under including any statutory modifications or re-enactments thereof and pursuant to SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and other applicable SEBI Rules and Regulations, as amended from time to time, including applicable Reserve Bank of India (RBI) Directions, Guidelines, Circulars etc. and in accordance to Memorandum and Articles of Association of the Company and subject to other applicable laws, rules and regulations, consent of the

Shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board / Board of Directors" which term shall include any Committee which the Board may have constituted / reconstituted or hereinafter constitute / reconstitute to exercise its powers including the powers conferred by this resolution) to offer, invite for subscription, issue and allot Secured / Unsecured / Perpetual Non Convertible Debentures/Bonds ("NCDs") upto an amount of ₹ 1500 Crore (Rupees One Thousand Five Hundred Crore only), for cash on Private Placement Basis, from the date of this 26th Annual General Meeting till the date of 27th Annual General Meeting of the Company, in one or more tranches to the eligible investors on such terms and conditions depending on the prevailing market conditions and wherever necessary in consultation with lead manager(s), financial advisor(s), underwriter(s), legal advisor(s) and / or any other agency as the Board may in its absolute discretion deem fit and appropriate, however at any given point of time the aggregate limit of funds raised / to be raised by the Company including issue of NCDs shall not exceed the overall borrowing limits of the Company as approved by the Shareholders of the Company from time to time;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to delegate all or any of the aforesaid powers to any Committee of the Company as it may deem necessary and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto and to settle any issues, questions, difficulties or doubts that may arise."

By Order of the Board of Directors
For Avanse Financial Services Ltd

Rakesh Dhanuka
Company Secretary

Date: August 12, 2019
Place: Mumbai

Registered Office:

001 & 002 Fulcrum,
A Wing, Ground Floor,
Sahar Road, Next to Hyatt Regency,
Andheri (East), Mumbai – 400 099
CIN No.: U67120MH1992PLC068060
Email: investorrelations@avanse.com
Website: www.avanse.com
Tel. No.: 022 6859 9999 Fax No.: 022 6859 9900

Notes:

i. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

   A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

ii. Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing such representative to attend and vote on their behalf at the meeting.

iii. All the relevant documents referred in this Notice shall remain open for inspection by the Members of the Company at the Registered Office from 10:00 AM to 4:00 PM on all working days (except Saturday) upto the date of this Annual General Meeting.

iv. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

By Order of the Board of Directors
For Avanse Financial Services Ltd

Rakesh Dhanuka
Company Secretary

Date: August 12, 2019
Place: Mumbai

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.2

Ms. Savita Mahajan (DIN 06492679) was appointed as an Additional Director categorized as an Independent Director of the Company by the Board of Directors with effect from December 1, 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013 and rules made there under. Ms. Savita Mahajan will hold office upto the date of this 26th Annual General Meeting. Pursuant to the provisions of the Companies Act, 2013 and rules made there under, as amended from time to time and based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board recommends the appointment of Ms. Savita Mahajan as an Independent Director of the Company for a term of 3 (three) consecutive years with effect from December 1, 2018.

The Company has received a declaration from Ms. Savita Mahajan that she meets the criteria of Independence as prescribed under the provisions of the Companies Act, 2013. In the opinion of the Board of Directors, Ms. Mahajan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for the appointment as an Independent Director and is independent of the management of the Company.

Ms. Savita Mahajan and her relatives are interested in this resolution. None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at Item no. 2 of the Notice.

The Board recommends the resolution set out at Item no. 2 for the approval of the Members.

Item No. 3

The Members are informed that pursuant to Share Purchase Agreement (“SPA”) dated March 16, 2019 executed and entered into between *interalia* Wadhawan Global Capital Ltd, Dewan Housing Finance Corporation Limited (“Sellers”), the Company and Olive Vine Investment Ltd, an affiliate of Warburg Pincus LLC (“Purchaser”), Olive Vine Investment Ltd acquired 80% of the total share capital of the Company from the then Promoters/Promoters Group and other individual shareholders on July 30, 2019. As per the terms of SPA, Purchaser has nominated Mr. Narendra Ostawal (DIN 06530414) for his appointment as a Director of the Company. Reserve Bank of India vide its letter dated May 31, 2019 accorded its approval for appointment of Mr. Narendra Ostawal as a Director of the Company. Accordingly, Mr. Ostawal was appointment as an Additional Director of the Company effective July 30, 2019 and who will hold office till the date of this 26th Annual General Meeting. Pursuant to the provisions of the Companies Act, 2013 and rules made there under, as amended from time to time and based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board recommends the appointment of Mr. Narendra Ostawal as Non-executive Director of the Company.

Mr. Narendra Ostawal and his relatives are interested in this resolution. None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at Item no. 3 of the Notice.

The Board recommends the resolution set out at Item no. 3 for the approval of the Members.

Item No. 4

Mr. Neeraj Swaroop (DIN 00061170) was appointed as an Additional Director categorized as an Independent Director of the Company by the Board of Directors with effect from July 30, 2019 pursuant to the provisions of Section 161 of the Companies Act, 2013 and rules made there under. Mr. Neeraj Swaroop will hold office upto the date of this 26th Annual General Meeting. Pursuant to the provisions of the Companies Act, 2013 and rules made there under, as amended from time to time and based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board recommends the appointment of Mr. Neeraj Swaroop as an Independent Director of the Company for a term of 3 (three) consecutive years with effect from July 30, 2019.

The Company has received a declaration from Mr. Neeraj Swaroop that he meets the criteria of Independence as prescribed under the provisions of the Companies Act, 2013. In the opinion of the Board of Directors, Mr. Neeraj Swaroop fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for the appointment as an Independent Director and is independent of the management of the Company.

Mr. Neeraj Swaroop and his relatives are interested in this resolution. None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at Item no. 4 of the Notice.

The Board recommends the resolution set out at Item no. 4 for the approval of the Members.

Item No. 5

Ms. Vijayalakshmi Iyer (DIN 05242960) was appointed as an Additional Director categorized as an Independent Director of the Company by the Board of Directors with effect from July 30, 2019 pursuant to the provisions of Section 161 of the Companies Act, 2013 and rules made there under. Ms. Vijayalakshmi Iyer will hold office upto the date of this 26th Annual General Meeting. Pursuant to the provisions of the Companies Act, 2013 and rules made there under, as amended from time to time and based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board recommends the appointment of Ms. VIjayalakshmi Iyer as an Independent Director of the Company for a term of 3 (three) consecutive years with effect from July 30, 2019.

The Company has received a declaration from Ms. Vijayalakshmi Iyer that she meets the criteria of Independence as prescribed under the provisions of the Companies Act, 2013. In the opinion of the Board of Directors, Ms. Vijayalakshmi Iyer fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for the appointment as an Independent Director and is independent of the management of the Company.

Ms. Vijayalakshmi Iyer and her relatives are interested in this resolution. None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at Item no. 5 of the Notice.

The Board recommends the resolution set out at Item no. 5 for the approval of the Members.

Item No. 6:

Considering the rich experience and expertise brought to the Board by the Independent Directors and in consideration of the guidance they will be providing to the Company, it is proposed to pay Commission of ₹ 10,00,000/- p.a. to the Independent Directors of the Company commencing from August 1, 2019. Further, it is proposed that if the Chairperson of the Company is an Independent Director, then an additional commission of ₹ 10,00,000/- p.a. be paid to him/her. In terms of Section 197 of the Companies Act, 2013, if there is no Managing Director or Whole-time Director or Manager in the Company, a company can make payment of remuneration to Independent Directors a sum not exceeding 3% of the net profits of the company. The said commission to the Independent Directors shall be in addition to the sitting fees payable to them and out-of-pocket expenses incurred for attending meetings of the Board and Committees thereof. As per the provisions of the Companies Act, 2013 and rules made thereunder, approval of the shareholders is required to pay Commission to the Independent Directors of the Company.

Except all the Independent Directors of the Company, none of the other Director, Key Managerial Personnel and their relatives are in any way, concerned or interested, in the resolution set out at Item no. 6 of the Notice.

The Board recommends the resolution set out at Item no. 6 for the approval of the Members.

Item No. 7:

To meet the fund requirements of the Company being an NBFC, the Board of Directors of the Company at its meeting held on August 12, 2019, subject to approval of the shareholders of the Company, approved to raise funds upto an amount of ₹ 1500 (Rupees Fifteen Hundred Crore), from the date of the 26th Annual General Meeting till the date of the 27th Annual General Meeting, by way of issue of Secured / Unsecured / Perpetual Non-Convertible Debentures/Bonds on private placement basis in one or more tranches/series.

Pursuant to the provisions of the Companies Act, 2013 read with the rules made thereunder, as amended from time to time prior approval of the shareholders of the Company by way of Special Resolution is required once in a year for all the offer or invitation for issue of Non-Convertible Debentures/Bonds to be made during the year on private placement basis.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at Item no. 7 of the Notice.

The Board recommends the resolution set out at Item no. 7 for the approval of the Members.

Brief Profile of Directors seeking appointment at the Annual General Meeting:

Name	Ms. Savita Mahajan	Mr. Narendra Ostawal	Mr. Neeraj Swaroop	Ms. Vijayalakshmi Iyer
Age	60 years	42 years	61 years	64 years
Qualification	Bachelors Degree in Economics from Delhi University. MBA from IIM Ahmedabad.	Post graduate diploma in Business Management from IIM, Bangalore Chartered Accountant	B. Tech (Mechnical) from IIT MBA from IIM, Ahmedabad Post Graduate in Retail Bank Management, University of Virginia.	M. Com Certified Associates of Indian Institute of Bankers.
Experience	Wide experience in diverse industry sectors including financial services.	Wide experience in the Financial industry.	Wide experience in financial services and FMCG.	Wide experience in the Banking Sector
Terms and Conditions of appointment	As per Letter of Appointment	Nominated by Olive Vine Investment Ltd	As per Letter of Appointment	As per Letter of Appointment
Remuneration	Sitting fees is paid. Proposal to pay commission is placed in the notice of 26th Annual General Meeting.	NA	Sitting fees is paid. Proposal to pay commission is placed in the notice of 26th Annual General Meeting.	Sitting fees is paid. Proposal to pay commission is placed in the notice of 26th Annual General Meeting.
Date of Appointment	01.12.2018	30.07.2019	30.07.2019	30.07.2019
Shareholding	Nil	Nil	Nil	Nil
Relationship with other Directors & KMP	No	No	No	No
No. of Board Meetings attended	3	Nil	Nil	Nil
Directorship in other Companies	• AUROBINDO PHARMA LTD • INSTILLMOTION CONSULTING PRIVATE LIMITED • BHAGIRATH RESURGENCE PRIVATE LIMITED	• Warburg Pincus India Private Limited • Laurus Labs Limited • D B Power Limited • DB Power (Madhya Pradesh) Limited • Diliigent Power Private Limited • Decore Thermal Power Private Limited • Computer Age Management Services Private Limited	• PNB Metlife India Insurance Company Limited • Small Business Fincredit India Private Limited	• Magma Fincorp Limited • Aditya Birla Capital Limited • ICICI Securities Limited • Religare Enterprises Ltd • Indiabulls Ventures Ltd • L & T Infrastructure Development Projects Ltd • Aditya Birla ARC

		• Sterling Software Private Limited • Fusion Micro Finance Private Limited • Carmel Point Investments India Private Limited • AU Small Finance Bank Limited • IndiaFirst Life Insurance Company Limited		Ltd • Arihant Superstructure Ltd • BFSI Sector Skill Council of India • Axis Mutual Fund Trustee Limited.
Justification for Appointment	She was Deputy Dean of Indian School of Business. She has worked in several eminent Indian Companies. She was nominated by the Government of India on the Board of IFCI Ltd.	Nominated by Olive Vine Investment Ltd.	He has over 27 years of experience in Financial Services.	She has over 40 years of rich experience in the Banking sector.

AVANSE FINANCIAL SERVICES LIMITED
CIN No. U67120MH1992PLC068060
Registered Office: 001 & 002, Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099
Email: investorrelations@avanse.com Website: www.avanse.com Tel: 022 6859 9999 Fax No.: 022 6859 9900

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): ____

Registered Address: ____

Email Id: ____

Folio No. Client Id: ______________________DP Id: ______________________________

I/We, being the member(s) of Avanse Financial Services Ltd holding ______________ equity shares, hereby appoint;

1) Name: ______________________________ Address: ______________________________

   Email Id: ______________________ Signature: ______________________________

   or failing him

2) Name: ______________________________ Address: ______________________________

   Email Id: ______________________ Signature: ______________________________

as my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, September 26, 2019 at 2:00 PM at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution
1	To receive, consider and adopt the Audited Financial Statements of the Company as at March 31, 2019 together with the Directors' Report and the Auditors' Report thereon.
2	Appointment of Ms. Savita Mahajan (DIN 06492679) as an Independent Director of the Company
3	Appointment of Mr. Narendra Ostawal (DIN 06530414) as Non-executive Director of the Company
4	Appointment of Mr. Neeraj Swaroop (DIN 00061170) as an Independent Director of the Company
5	Appointment of Ms. Vijayalakshmi Iyer (DIN 05242960) as an Independent Director of the Company
6	Payment of Commission to the Independent Directors of the Company
7	Issue of Non-Convertible Debentures on Private Placement Basis

Signed this _____ day of _______, 2019

Affix
₹ 1/-
Revenue
Stamp

____
Signature of Shareholder

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting

AVANSE FINANCIAL SERVICES LIMITED
CIN No. U67120MH1992PLC068060
Registered Office: 001 & 002, Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099
Email: investorrelations@avanse.com Website: www.avanse.com Tel: 022 6859 9999 Fax No.: 022 6859 9900

Attendance Slip

I hereby record my presence at the 26th Annual General Meeting of the Company held on Thursday, September 26, 2019 at 2:00 p.m. at the Registered Office of the Company.

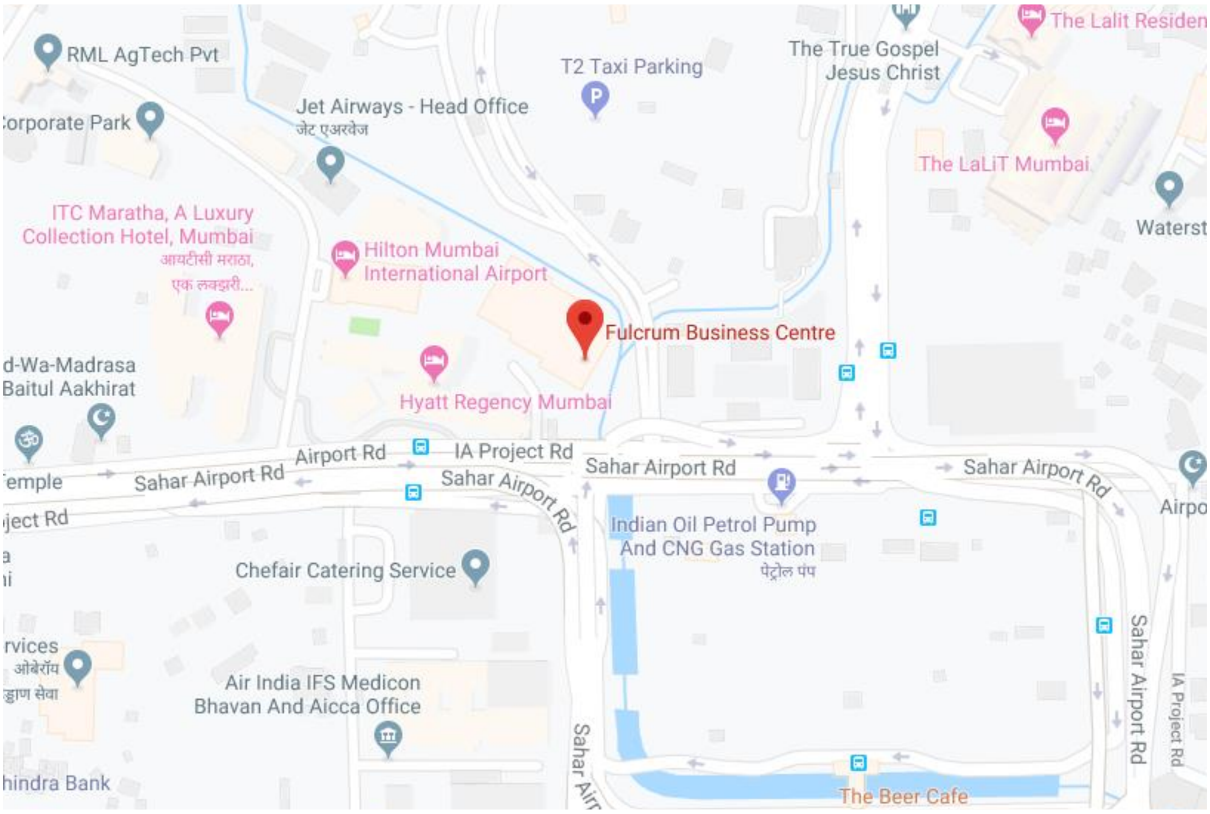
Full name of the Member (in BLOCK LETTERS) ____

Full name of the Proxy (in BLOCK LETTERS) ____

Folio No./ DP Id & Client Id: ____

Member's/ Proxy's Signature ____

ROUTE MAP OF THE VENUE OF THE MEETING



Directors' Report

To,
The Members,

The Directors have pleasure in presenting the 26th Annual Report of the Company for the financial year 2018-19.

As per the provisions of the Companies (Indian Accounting Standard) Rules, 2015, the financials of the Company for the financial year ended March 31, 2019 has been prepared on the basis of IND AS.

Financial performance under IND AS for FY 2018-19 with comparative numbers for FY 2017-18 is presented below:

1. **Financial Performance of the Company**

(₹ In Lakhs)

Particulars	**Year Ended March 31, 2019**	**Year Ended March 31, 2018**
Total Income	42031.82	20783.15
Depreciation	403.87	82.14
Profit Before Tax	4148.72	1799.94
Tax Expenses	1421.75	614.30
Profit / (Loss) After Tax	2726.97	1185.64

2. Dividend

In order to conserve resources for future, the Board has not recommended any dividend for the financial year 2018-19.

3. Review of Business Operations

During the year under review, the NBFC Sector in India witnessed adverse macroeconomic conditions leading to a tight liquidity situation across the sector. However, despite the liquidity crisis, your Company has successfully managed its liquidity balance and honoured all its obligation including committed disbursals during the year through a strategic approach towards liquidity management by way of conserving cash through calibrated disbursement, building corpus by way of securitization, etc. Additionally, the Company mitigated the impact on the customers as well as its employees through effective engagement and communication. Despite the adverse macroeconomic situation, the Company's AUM grew by 30% to ₹ 2852 Crore as on March 31, 2019 from ₹ 2187 Crore as on March 31, 2018. The total income of the Company during the financial year under review grew by 95% to ₹ 419.30 Crore compared to ₹ 214.95 Crore in the previous year. Further, an effective cost management helped the Company to achieve 130% growth in its Profit Before Tax at ₹ 41.48 Crore for FY19 as against ₹ 18.00 Crore for FY18. During the year, the Company invested in strengthening its risk and collections capabilities resulting in one of the best GNPA ratio at 0.17% and Net NPA at 0.13% and the expected credit loss at 0.56%. As on date, the Company has pan India presence and operates from eleven branches and five sales representative offices.

4. Regulatory Guidelines

As per the RBI Directions, rules and regulations, the Company falls under the category of "Systemically Important Non Deposit taking Non-Banking Financial Company". The Company has complied with all the applicable Directions, Rules and Regulations prescribed by the RBI.

The Company's capital adequacy ratio (CAR) stood at 21.97 % as at March 31, 2019. Tier I capital was 18.90 % and Tier II capital was 3.07 %.

The Company is registered with Insurance Regulatory and Development Authority of India (IRDAI) as Corporate Agent (Composite) and the Registration No. is CA0445. The Company act as a Corporate Agent of DHFL Pramerica Life Insurance Ltd and DHFL General Insurance Ltd. The Company has complied with all the applicable Rules and Regulations prescribed by IRDAI.

5. Transfer to Reserve

The Directors transferred ₹ 5.45 Crore as per section 45-IC of Reserve Bank of India Act, 1934 to the Special Reserve of the Company for the year ended March 31, 2019.

6. Credit Rating

As on March 31, 2019, the secured long term borrowing programme was assigned a rating of A+(SO) and AA-(SO) by CARE and Brickwork respectively and the unsecured long term borrowing programme was assigned a rating of A(SO) by CARE and AA-(SO) by Brickwork. There were no outstanding short term borrowing as on the closure of the financial year and accordingly the rating was withdrawn. The ratings of the Company were based on the 'Letter of Comfort' issued by Dewan Housing Finance Corporation Limited ("DHFL") and the downgrade of ratings of DHFL led to a mechanical downgrade of Company's ratings on couple of occasions as mentioned in the table below.

Rating Revision Date	**Secured Non Convertible Debentures**	**Sub-Debt (Unsecured Non Convertible Debentures)**
Before 06th Feb 19	CARE AA+ (SO)/BWR AA+ (SO)	CARE AA (SO)/BWR AA+ (SO)
06th Feb 19	CARE AA (SO)/BWR AA (SO)	CARE AA- (SO)/ BWR AA (SO)
09th Mar 19	BWR AA- (SO)	BWR AA- (SO)
12th Mar 19	CARE A+ (SO)	CARE A (SO)

7. Sources of funds

a) Loan from Bank / Financial Institution

During the year under review your Company received sanctions for term loan of ₹ 539 Crore and for Working Capital Demand Loan of ₹ 150 Crore from Banks/financial institutions, of which the Company availed loans of ₹ 525 Crore. The outstanding loan as on March 31, 2019 was ₹ 1629 Crore.

b) Non Convertible Debentures

During the financial year 2018-19, the Company issued Secured Non-Convertible Debentures (NCDs) amounting to ₹ 300 Crore on private placement basis. The Non-Convertible Debentures are listed on the Wholesale Debt Market of BSE Limited. The Company has been regular in the payment of interest towards all the outstanding Non Convertible Debentures. As on March 31, 2019 the total outstanding Secured NCDs are ₹ 395 Crore and the total outstanding Subordinate Debt are ₹ 75 Crore.

c) Money Market Instrument

During the year, the Company borrowed money through issuance of Commercial papers which were subscribed by various eligible investors and also by way of Inter Corporate Deposits. As on March 31, 2019, there were no outstanding Commercial Paper and accordingly the rating has been withdrawn.

8. Share Capital

During the FY 2018-19, the Company raised funds of ₹ 65,02,24,440 (Rupees Sixty Five Crore Two Lakhs Twenty Four Thousand Four Hundred and Forty only) through issue and allotment of 36,12,358 Equity Shares of ₹ 10/- each issued at a price of ₹ 180 per share (face value of ₹ 10 each and premium of ₹ 170/-) on Preferential basis to International Finance Corporation. The paid-up capital of the Company as on March 31, 2019 stands at ₹ 62,85,50,190/- comprising of 6,28,55,019 equity shares of ₹ 10/- each.

9. Securitization of receivables

During the year, your Company raised resources to the extent of INR 128 Crore through securitization of receivables.

10. Acquisition of Promoters / Promoters Group stake by an affiliate of Warburg Pincus LLC

The Company, *interalia* Wadhawan Global Capital Limited, Dewan Housing Finance Corporation Limited (the then Promoters / Promoters Group of the Company) and other individual shareholders ("**Sellers**") entered into Share Purchase Agreement ("**SPA**") with Olive Vine Investment Ltd, an affiliate of Warburg Pincus LLC ("**Acquirer**") on March 16, 2019 for sale of the entire shareholding of the Sellers (comprising 80% of the total share capital) in the Company to the Acquirer, subject to all the requisite approvals. Accordingly, as per the terms of the SPA and based on receipt of all the requisite approvals from the regulators, bankers, debenture holders and other stakeholders, Olive Vine Investment Ltd has acquired 80% of the total share capital of the Company on the closing date i.e. July 30, 2019.

<u>About Olive Vine Investment Ltd</u>

The Acquirer is a company incorporated under the laws of Mauritius having its registered office at c/o SGG Corporate Services (Mauritius) Limited, 33, Edith Cavell Street, Port Louis 11324, Mauritius. The Acquirer holds a Category I Global Business License issued by the Financial Services Commission under the Financial Services Act, 2007. The principal activity of the Acquirer is that of investment holding. The Acquirer is an affiliate of certain private equity funds managed by Warburg Pincus LLC, a New York limited liability company (collectively, "Warburg Pincus").

Warburg Pincus is a leading global private equity firm focused on growth investing. The firm has more than USD 43 billion in assets under management. Its active portfolio of more than 180 companies is highly diversified by stage, sector and geography. Founded in 1966, Warburg Pincus has raised 16 private equity funds that have invested more than USD 68 billion in over 845 companies in more than 40 countries. The firm is headquartered in New York, and has offices in Amsterdam, Berlin, Beijing, Hong Kong, Houston, London, Luxembourg, Mumbai, Port Louis, San Francisco, São Paulo, Shanghai and Singapore.

India has been a destination of significant focus for Warburg Pincus for over two decades and the firm's position as one of the largest global private equity investors in India, with over USD 4.3 billion invested in 53 companies, clearly reflects its commitment to the country. In line with the institution's long heritage of investing in and creating leading businesses worldwide, Warburg Pincus in India has served as an experienced partner to Indian companies and helped them drive growth and scale up their businesses.

11. Change in the Nature of Business, If any

There was no change in the nature of business of your company during the financial year 2018-19.

12. Material Changes and Commitments affecting the Financial Position of the Company

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

13. Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

14. Internal Financial Controls

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

15. Details of Subsidiary/Joint Ventures/Associate Companies

Your Company does not have any Subsidiary/Joint Ventures/Associate Company.

16. Deposits

Your Company has neither accepted nor renewed any deposits from the public during the year and in the past. Hence there are no unclaimed or unpaid amounts lying in the accounts of the Company.

17. Joint Statutory Auditors

M/s T. R. Chadha & Co. LLP, Chartered Accountants (Registration No. 006711N/N500028) were appointed as the Statutory Auditors by the Members of the Company at the 24th Annual General Meeting held on August 24, 2017, to hold office from the conclusion of the 24th Annual General Meeting until the conclusion of 29th Annual General Meeting of the Company. Shareholders of the Company at its 25th Annual General Meeting appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Joint Statutory Auditors of the Company for the first term of five consecutive years from the conclusion of 25th Annual General Meeting until the conclusion of 30th Annual General Meeting alongwith M/s T. R. Chadha & Co. LLP, Chartered Accountants.

As per the Companies Amendment Act, 2017, the Company is no more required to ratify the appointment of Statutory Auditors at the Annual General Meeting and they will continue as auditors of the Company for the remaining term.

18. Extract of the Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014,the extract of the Annual Return as at March 31, 2019 in the prescribed form MGT 9 forms part of this report as **"Annexure - I".**

19. Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings And Outgo

The Company, being a Non-Banking Finance Company, does not have any manufacturing activity. Therefore, the Company has nothing to report on Conservation of Energy.

Technology Absorption:

Your Company actively engages itself towards technology advancements to serve its customers better and to create technology friendly environment for its employees who in turn helps them to manage the processes efficiently and economically.

Further, for the year ended March 31, 2019, there has been no foreign exchange earnings and outgo.

20. a) Directors

During the year under review, based on the recommendation of Nomination Remuneration and Compensation Committee, the Board of Directors approved the appointment of Ms. Savita Mahajan (DIN 06492679) as an Additional Director categorized as an Independent Director of the Company effective December 1, 2018 and who will hold office of Director until the date of the ensuing Annual General Meeting. Further, based on the recommendation of the Nomination Remuneration and Compensation Committee, the Board of Directors recommends the appointment of Ms. Savita Mahajan as an Independent Director of the Company for a period of 3 (three) consecutive years effective December 1, 2018.

Based on the recommendation of Nomination, Remuneration and Compensation Committee, the Board of Directors at its Meeting held on July 30, 2019 approved the appointment of Ms. Vijayalakshmi Iyer (DIN 05242960) and Mr. Neeraj Swaroop (DIN 00061170) as an Additional Director categorized as Independent Director of the Company with effect from July 30, 2019 and they will hold office of Director till the date of the ensuing Annual General Meeting.

Further, based on the recommendation of the Nomination Remuneration and Compensation Committee, the Board of Directors recommends the appointment of both Ms. Vijayalakshmi Iyer and Mr. Neeraj Swaroop as an Independent Director of the Company for a period of 3 (three) consecutive years effective July 30, 2019.

Necessary resolution in this respect is being included in the Notice of 26th Annual General Meeting of the Company for the approval of the Members of the Company.

As per the terms of the SPA, Olive Vine Investment Ltd has nominated Mr. Narendra Ostawal (DIN 06530414) as a Director on the Board of the Company. Accordingly, based on the recommendation of the Nomination Remuneration and Compensation Committee, the Board of Directors at its meeting held on July 30, 2019 appointed Mr. Narendra Ostawal as an Additional Director categorized as Non-executive Director and who will hold office upto the date of the ensuing Annual General Meeting. Necessary resolution for the appointment of Mr. Narendra Ostawal as Non-executive Director is being included in the Notice of 26th Annual General Meeting of the Company.

As per the terms of the SPA, Mr. Kapil Wadhawan (DIN 00028528) and Mr. Suresh Mahalingam (DIN 01781730) has tendered their resignation from the directorship of the Company effective July 31, 2019.

Further, Mr. Mahendra Kumar Chouhan (DIN 01781730) and Mr. Suresh Kumar Jain (DIN 05103064) has resigned from the directorship of the Company effective July 31, 2019.

b) Key Managerial Personnel

There was no change in Key Managerial Personnel during the financial year 2018-19.

21. Declaration by Independent Director

The Independent Directors have submitted the declaration of independence, as required under Section 149 of the Companies Act, 2013, stating that they meet the criteria of independence as provided in the said section.

22. Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors. The evaluation framework was aligned with the Guidance Note on the Board Evaluation issued by the SEBI. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings etc. The Board of Directors reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated taking into account the views of Non-Executive Directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

23. Nomination & Remuneration Policy

Nomination Remuneration and Evaluation Policy is attached as **"Annexure III".**

24. Details of Establishment of Vigil Mechanism / Whistle Blower

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 the Company has adopted a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Policies. It also provides for adequate safeguards against victimisation of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases. Whistle Blower Policy is available on Company's website www.avanse.com.

25. Particulars Of Loans, Guarantees Or Investments

Being NBFC, the Company has not made loans, guarantees or investments under section 186 of the Companies Act 2013 during the financial year 2018-19.

26. Particulars of Contracts or Arrangements with Related Parties

Approval of the Audit Committee is obtained by the Company for entering into any related party transaction as per the applicable provisions of Companies Act, 2013, as amended from time to time. As per the provisions of Section 188 of the Companies Act 2013, approval of the Board of Directors wherever applicable was obtained for entering into Related Party Transactions by the Company. Disclosure of particulars of contracts/arrangement is given in the prescribed Form No. AOC -2 as **"Annexure IV"**.

Details of related party transactions as required to be disclosed under applicable Accounting Standard on "Related Party Disclosures" and the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the Notes to the Financial Statements for the year ended March 31, 2019.

The Company's Policy on Related Party Transactions is available on its website www.avanse.com.

27. Corporate Governance

Report on Corporate Governance of the Company forms an integral part of this report and annexed as **"Annexure V".**

28. Particulars of Employees Remuneration

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the details of the employees for the FY 2018-19 are set out in **"Annexure VI" & "Annexure VII"**.

29. Directors' Responsibility statement

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors of the Company confirm that:

A) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
B) the directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2019 and of the profit of the Company for that period;

C) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

D) the Annual financial statements has been prepared on a going concern basis;

E) Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

F) Proper systems to ensure compliance with the provisions of the applicable laws are in place and the same are adequate and operating effectively.

30. Comments by the Board on qualification, reservation or adverse remark in the reports:

a) Auditors Report

There were no qualifications, reservation or adverse comments by the Statutory Auditors of the Company in their audit reports.

During the year under review, the Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company.

b) Secretarial Audit Report

There were no qualifications, reservation or adverse comments made by the Secretarial Auditor of the Company in their audit report for the FY 2018-19, except for delay in appointment of new Woman Director due to intermittent vacancy caused by resignation of Woman Director. In this regards, the Board would like to state that your Company, being a Non-Banking Financial Company primarily focused on education loan, desired to on-board a person with domain expertise in NBFC preferably with education sector back ground. Also, to further strengthen the Board and the corporate governance of the Company, the Company was looking for an Independent Woman Director against the requirement of Woman Director, whether independent or not. To ensure compliance with the provisions of the Companies Act, 2013 with respect to appointment of Independent Director and to have a person with financial sector expertise, it took considerable time in finalizing the candidate which resulted into delay in appointment of Woman Director. The Company appointed an Independent Woman Director effective December 1, 2018 and therefore as on March 31, 2019, the composition of the Board is as per the provisions of the Companies Act, 2013 and rules made thereunder.

31. Compliance with Secretarial Standards

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors and the Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

32. Disclosures Under Sexual Harassment Of Women At Workplace (Prevention, Prohibition & Redressal) Act, 2013

As a part of HR Policy and for Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace, your Company has framed a Policy on Prevention of Sexual Harassment Policy at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted Internal Complaints Committee (ICC) under the provision of the said act. Further, considering geographic presence in India the Company has also constituted Regional Internal Complaints Committees. During the financial year 2018-19, one complaint was received by ICC and same was disposed off by way of conciliation.

33. Change of Registered and Corporate Office

The Registered and Corporate Office of the Company shifted from DHFL House, 1st floor, 19, Sahar Road, Off Western Express Highway, Vile Parle (East), Mumbai – 400 099 to 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099 effective from June 1, 2019.

34. Acknowledgements

Your Directors take this opportunity to thank to the Company's Customers, Bankers and other Lenders, Members for their continued support and faith reposed in the Company during the tough time due to adverse macro-economic conditions. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels. The Directors would also like to thank Reserve Bank of India and other regulators, stock exchange and other statutory bodies for their co-operation, guidance and support during the year under review.

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Date: July 30, 2019
Place: Mumbai

Management Discussion and Analysis Report

1. Macro Economic Scenario

The fiscal year 2019 turned out to be an eventful year for the Indian economy and more so for the financial services sector. It was a year of two distinct halves. The first half started on a positive note with tailwinds resulting from thrust to the rural and infrastructure sectors in the Union Budget 2018-19, recapitalization of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code. However, the second half was marked by few leading finance companies defaulting on payments to its lenders. This triggered stress in the system and exposed Indian financial market to the financial risks in relation to the non-banking financial companies (NBFCs). Credit flow to the sector declined leading to severe liquidity crunch. Risk aversion, tight liquidity conditions and decelerated global and domestic economy were the key characteristics of second half. Liquidity crunch in the system severely impacted the credit growth which in turn led to weak consumption spends and decelerated capital expenditures by industries. GDP growth that was reported in the first quarter at ~8%, fell off to ~5.8% in the fourth quarter. However, full year the growth was at 6.8%. In spite of this slowdown, India continued to be the world's fastest growing economy.

Despite a challenging year, the economy although weakening has remained resilient with the outlook looking positive into FY20. Uncertainties pertaining to elections are behind and with the clear majority mandate for the incumbent government there is a hope for a faster pace of economic reforms in the coming years. Favourable factors such as stabilisation of crude oil and other commodity prices, consumption and investment enhancing proposals in the Union Budget 2019-2020 are expected to give impetus to the economic activity. Additionally, Government and RBI has also sought to ease out the problems for the NBFC sector whereby it announced relaxation of liquidity norms for NBFCs and have opened an indirect liquidity window for the sector by partially guaranteeing high-quality pooled assets of NBFC'S for the securitisation purposes.

2. Opportunities and Threats

Education financing in India is multi decade secular growth opportunity. India is evolving to become a knowledge-based economy, wherein human capital with specialized skills is its major strength. With the increasing need for qualified professionals, higher education has now become a necessity. However, quality education is expensive not only abroad but also in India, making many students to increasingly depend on education loans to fullfill their desire for quality education.

India has the world's largest population in the student category range. With approximately 28 per cent of India's population in the age group of 0-14 years, as of 2015, educational industry in India provides great growth opportunity. The country has more than 1.5 million schools with over ~260 million students enrolled. Similarly, in higher education ~35 million students are enrolled in ~ 40,000 colleges across 860 universities. India's higher education segment is one of the largest in the world. Additionally, emergence of edutech players, lowering of data tariffs, rising smart phone penetration, rising disposable income and advancement of technologies such as AI and Machine learning are changing the way Indians are acquiring skills and education. This all augurs well for the education financing sector in India. Specialized NBFC player in the education financing space continues to gain market share over banks and your company is well positioned to capitalize on this huge opportunity.

Growth of the Company's asset book and ability to raise funds significantly depend on the economy. The biggest threat that any business in the world faces is from the macroeconomic environment. Your Company being the lender of education loan also depends on the growth of the Indian and world economy which will lead to generation of employment and other opportunities for students completing their higher education and in turn repay their loan in timely manner.

3. Business Overview -Segment-wise or Product- wise Performance

Your Company is one of the leading education focused niche NBFC, regulated by Reserve Bank of India. Company's vision is to be a Customer Centric Digitally Agile NBFC focused on Profitable Growth with leadership position in Education Financing. Our endeavour as a company is to make education financing seamless & affordable for every deserving Indian student. In education financing domain your Company provides loans across two segments:

1. **Education Loan (B2C)** – Avanse addresses education needs of Indian youth by making education affordable and seamless across the entire education lifecycle of student spanning from school to post graduation.

   Higher Education Loans - Loans for financing higher education needs of students. Basis its deep domain expertise, flexible and customized financial solutions Avanse has fulfilled dreams of over 15,000 academic aspirants across 2000+ institutes in over 45+ countries including US, Canada, UK, Australia and others

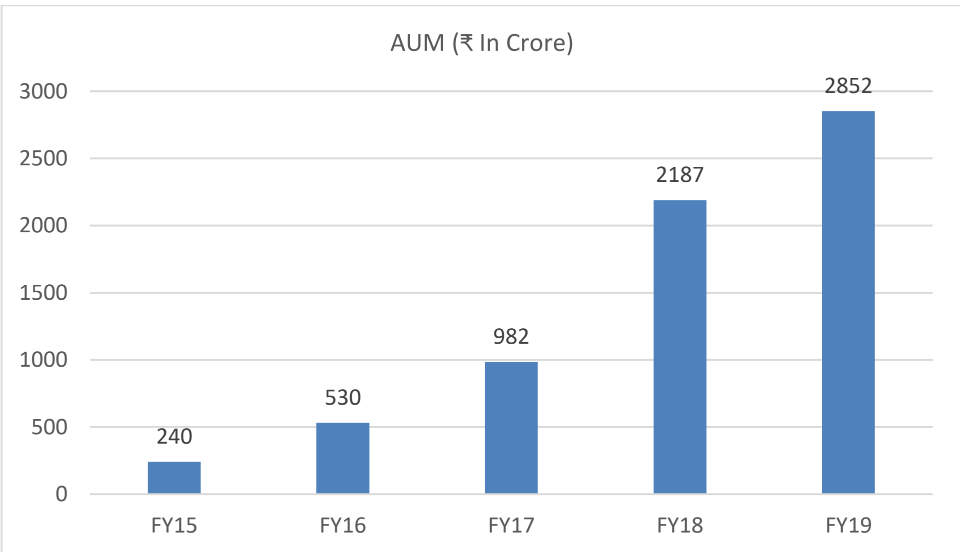
   E-Learning Loans -In partnership with leading Edutech / E-learning brands, Avanse provides financing solutions for catering to variety of segments such as tutoring and vocational streams through a seamless digital Integration and an instant decisioning process

   School Fee Financing-Avanse has partnered with a digital-lending Fintech firm to introduce a first-of-its-kind digital, school fee financing app that helps parents to digitally secure education finance for their children's school fees through instant credit facility and convenient EMIs

2. **Educational Institutional Loan (B2B)** – Loans for financing working and growth capital needs of educational institutes (primarily schools) in India.

As at March 31, 2019, the net worth of the Company stood at ₹ 577 Crore and its Profit Before Tax grew by 130% at ₹ 41.48 Crore for FY19 as against ₹ 18 Crore for FY18. The Assets under Management of Avanse stood at ₹ 2852 crore as at March 31, 2019 as against ₹ 2187 crore as at March 31, 2018. The new business segment entered into by the Company viz; MSME Loan and Commercial Financial performed well during the year and around 13% of the total loan book comprise of these new products.

The performance of your Company since inception can be evidenced from the below graph:



4. Outlook

The outlook of the Company for the year ahead is to drive profitable growth, robust quality assets and continue to focus on its primary products i.e. Education Loan and Education Institution Loan to meet the changing customer needs and will leverage technology to deliver better customer experience. The Company will continue to emphasize building capabilities in risk & controllership, analytics, underwriting, IT, people and brand to ensure that your Company gives sustainable growth.

5. Risks and Concerns

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes Committees of the Board and Senior Management. The Risk Management process is governed by the comprehensive Enterprise Risk Management Framework and Policy which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. Risk Management at the Company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks.

- *Liquidity Risk:* Your Company may face an asset-liability mismatch caused by difference in maturity profile of its assets and liabilities. Your Company actively monitors its liquidity position to ensure it can meet all borrowers and lenders related funds requirement. The Asset Liability Management Committee (ALCO) comprising of senior management lays down policies and quantitative limits and apprises the Audit Committee/Board periodically on the asset-liability mismatch and liquidity issues.

- *Interest Rate Risk:* Your Company is largely depends on resources raised from the banking system and market instruments to carry on their operations. They are therefore significantly vulnerable to interest rate movements in the market. The funding strategies adopted by your Company ensure diversified resources raising options to minimise cost and maximise stability of funds.

- *Credit Risk:* Credit risk is a risk of loss due to failure of a borrower to meet the contractual obligation of repaying debt as per agreed terms. Credit risk is managed by using a set of credit norms and policies of the Company. Your Company has a structured and standardised credit approval process including customer selection criteria, comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

- *Operational Risk:* Operational risk can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training and employee errors. Operational risk is mitigated by maintaining a comprehensive system of internal controls. Additionally, regular internal audits provide a check on deviation from any contingent operational inefficiency.

6. Internal Control Systems and their adequacy

Your Company has adequate and effective controls to provide reasonable assurance on achievement of its operational, compliance and reporting objectives. Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, compliance with applicable statues, execution of the transactions as per the authorisation and compliance with the internal policies of your Company.

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and wherever necessary, internal control systems are strengthened and corrective actions initiated according to the changing business needs from time to time.

7. Human Resource

Your Company believes that employees are the backbone for creating a successful organization and it can be seen by our sustained performance over the years. Your Company is building its organizational culture basis its five guiding pillars - Governance, Transparency, Meritocracy, Inclusivity and Happiness quotient. It strives to create a favourable work environment that encourages innovation and meritocracy.

The thrust on achieving higher growth coupled with optimal utilization of manpower is the primary focus. The management of your Company believes in rewarding employees through compensation & benefits that are market competitive and differentiated based on individual, team & business performance. As on March 31, 2019, your Company had 392 employees as compared to 282 employees as on March 31, 2018.

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Date: July 30, 2019
Place: Mumbai

Annexure I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U67120MH1992PLC068060
2	Registration Date	07-08-1992
3	Name of the Company	AVANSE FINANCIAL SERVICES LIMITED
4	Category/Sub-category of the Company	Public Company Limited by Shares / Non-Government Company Registered with RBI as Non-Deposit Accepting NBFC
5	Address of the Registered office & contact details	DHFL House, 1st floor, 19, Sahar Road, Off. Western Express Highway, Vile Parle (East), Mumbai – 400 099. T: +91 22 7111 2233 F: +91 22 7111 2234 E: investorrelations@avanse.com
6	Whether listed company	Yes (Debt Securities issued by the Company are listed on the Wholesale Debt Segment of BSE Limited)
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Registrar & Transfer Agents: **Link Intime India Private Ltd.** C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel. No.: +91 22 - 4918 6270 Fax No.: +91 22 - 4918 6060 e-mail: rnt.helpdesk @linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Loan Company	64920	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Holding, Subsidiary or Associate companies.

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [01-April-2018]				No. of Shares held at the end of the year [31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	45,472	-	45,472	0.08	45,472	-	45,472	0.07	0.00
b) Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
c) State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
d) Bodies Corp.	5,02,37,496	-	5,02,37,496	84.80	5,02,37,496	-	5,02,37,496	79.93	0.00
e) Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
f) Any other	-	-	-	0.00	-	-	-	0.00	0.00
Sub Total (A) (1)	5,02,82,968	-	5,02,82,968	84.88	5,02,82,968	-	5,02,82,968	80.00	(4.88)
(2) **Foreign**									
a) NRI Individuals	-	-	-	0.00	-	-	-	0.00	0.00
b) Other Individuals	-	-	-	0.00	-	-	-	0.00	0.00
c) Bodies Corp.	-	-	-	0.00	-	-	-	0.00	0.00
d) Any other	-	-	-	0.00	-	-	-	0.00	0.00
Sub Total (A) (2)	-	-	-	0.00	-	-	-	0.00	0.00
TOTAL (A)	5,02,82,968	-	5,02,82,968	84.88	5,02,82,968	-	5,02,82,968	80.00	(4.88)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00	-	-	-	0.00	0.00
b) Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
c) Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
d) State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
e) Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
f) Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
g) FIIs	-	-	-	0.00	-	-		0.00	0.00

h) Foreign Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
i) Others (Multilateral Financial Institution)	89,58,647	-	89,58,647	15.12	1,25,71,005	-	1,25,71,005	20.00	4.88
Sub-total (B)(1):-	89,58,647	-	89,58,647	15.12	1,25,71,005	-	1,25,71,005	20.00	4.88
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	0.00	-	-	-	0.00	0.00
ii) Overseas	-	-	-	0.00	-	-	-	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	1046	1046	0.00	-	1046	1046	0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00	-	-	-	0.00	0.00
c) Others (specify)									
Non Resident Indians	-	-	-	0.00	-	-	-	0.00	0.00
Overseas Corporate Bodies	-	-	-	0.00	- -	- -	-	0.00	0.00
Foreign Nationals	-	-	-	0.00	-	-	-	0.00	0.00
Clearing Members	-	-	-	0.00	-	-	-	0.00	0.00
Trusts	-	-	-	0.00	-	-	-	0.00	0.00
Foreign Bodies - D R	-	-	-	0.00	-	-	-	0.00	0.00
Sub-total (B)(2):-	-	1,046	1,046	0.00	-	1,046	1,046	0.00	0.00
Total Public (B)	89,58,647	1,046	89,59,693	15.12	1,25,71,005	1,046	1,25,72,051	20.00	4.88
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00	-	-	-	0.00	0.00
Grand Total (A+B+C)	5,92,41,615	1046	5,92,42,661	100.00	6,28,53,973	1046	6,28,55,019	100.00	0.00

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dewan Housing Finance Corporation Ltd	1,92,50,719	32.49	0	1,92,50,719	30.63	0	(1.86)
2	Wadhawan Global Capital Ltd	3,08,25,437	52.03	0	3,08,25,437	49.04	0	(2.99)
3	Wadhawan Holdings Pvt Ltd	76,754	0.13	0	76,754	0.12	0	(0.01)
4	Wadhawan Consolidated Holdings Pvt. Ltd.	42,293	0.07	0	42,293	0.07	0	0.00
5	Infill Retail Ventures Pvt. Ltd.	42,293	0.07	0	42,293	0.07	0	0.00
6	Shri Kapil Wadhawan	22,736	0.04	0	22,736	0.04	0	0.00
7	Shri Dheeraj Wadhawan	22,736	0.04	0	22,736	0.04	0	0.00

Note: There is no change in the no. of shares. % Change in shareholding is due to preferential issue of equity shares to International Finance Corporation.

(iii) Change in Promoters' Shareholding

SN	Particulars	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Dewan Housing Finance Corporation Ltd	-	1,92,50,719	32.49	1,92,50,719	30.63
2	Wadhawan Global Capital Limited	-	3,08,25,437	52.03	3,08,25,437	49.04
3	Wadhawan Holdings Pvt Ltd	-	76,754	0.13	76,754	0.12
4	Wadhawan Consolidated Holdings Pvt. Ltd.	-	42,293	0.07	42,293	0.07
5	Wadhawan Retail Ventures Pvt. Ltd.	-	42,293	0.07	42,293	0.07
6	Shri Kapil Wadhawan	-	22,736	0.04	22,736	0.04
7	Shri Dheeraj Wadhawan	-	22,736	0.04	22,736	0.04
	Total		**2,65,32,965**	**84.88**	**5,02,82,968**	**80.00**

Note: There is no change in the no. of shares. % Change in shareholding is due to preferential issue of equity shares to International Finance Corporation.

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	International Finance Corporation	Note 1	89,58,647	15.12	1,25,71,005	20.00
2	Mr. P. K. Kumar	-	305	0	305	0
3	Mr. Mohit Chaturvedi	-	305	0	305	0
4	Mr. Vijay Tambe	-	305	0	305	0
5	Mr. Pralhad Kulkarni	-	131	0	131	0

Note 1: Acquisition pursuant to Preferential Issue on June 26, 2018 (36,12,358 equity shares)

(v). Shareholding of Directors and Key Managerial Personnel:

None of the Directors or KMP is holding any shares except Mr. Shri Kapil Wadhawan whose details are given under promoters above

V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	147,839.46	36,471.49	-	184,310.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	578.19	399.79		977.98
Total (i+ii+iii)	**148,417.64**	**36,871.28**	**-**	**185,288.93**
Change in Indebtedness during the financial year				
* Addition	85,952.69	94,000.00	32,500.00	212,452.69
* Reduction	29,953.51	123,046.08	10,000.00	162,999.60
Net Change	**55,999.18**	**(29,046.08)**	**22,500.00**	**49,453.10**
Indebtedness at the end of the financial year				
i) Principal Amount	203,764.04	7,500.00	22,500.00	233,764.04
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,934.71	250.93	1,141.18	4,326.82
Total (i+ii+iii)	**206,698.75**	**7,750.93**	**23,641.18**	**238,090.87**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager			
Sl. No.	**Particulars of Remuneration**	**Name of Manager**	**Total Amount**
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	-	

B. Remuneration to Other Directors					
Sr. No.	**Particulars of Remuneration**	**Name of the Directors**			
		Mr. Mahendra Kumar Chouhan	Mr. Suresh Kumar Jain	*Ms. Savita Mahajan	**Total Amount**
1.	**Independent Directors**				
	Fee for attending board / committee meetings	4,40,000	4,10,000	30,000	8,80,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)				8,80,000
2.	**Other Non-Executive Directors**	Mr. Kapil Wadhawan	#Mr. Anoop Pabby	Mr. Suresh Mahalingam	
	Fee for attending Board / Committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	**8,80,000
	Overall Ceiling as per the Act	3% of the Net Profit			

*Appointed w.e.f. December 1, 2018.

#Resigned w.e.f. November 2, 2018.

**Includes sitting fees (₹ 40,000/-) of Board Meeting held in March, 2018.

Note:

1) Sitting fees is paid only to Independent Directors.
2) Sitting fees paid to Mr. Mahendra Kumar Chouhan and Mr. Suresh Kumar Jain include fees paid for Board Meeting held on March 3, 2018.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD					
SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs.)
1	Name	Amit Gainda	Rahul Bhapkar	Rakesh Dhanuka	
2	Designation	CEO	CFO	Company Secretary	
3	Gross salary	9,12,08,296/-	1,60,19,269/-	22,88,720/-	10,95,16,285/-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	*9,12,08,296/-	**1,60,19,269/-	**22,88,720/-	10,95,16,285/-

*Gross Salary includes Variable / Performance pay for the FY 2017-18, payout as per Intra Group Transfer Policy and one time retention pay.

**Gross Salary includes Variable / Performance pay for the FY 2017-18 and one time retention pay.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalty / punishment / compounding of offences for the breach of any provisions of the Companies Act against the Company or its Directors or other officers in default during the FY 2018-19.

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Place: Mumbai
Date: July 30, 2019

Annexure II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2018-19

Sr. No.	Particulars	Remarks
1	A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and project or programs.	The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Policy of the Company is available on the Company's website – www.avanse.com
2	The Composition of the CSR Committee.	1) Mr. Kapil Wadhawan, Chairman 2) Mr. Suresh Kumar Jain, Member 3) Mr. Suresh Mahalingam, Member
3	Average net profit of the Company for last three financial years.	₹ 7,94,07,109/-
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above).	₹ 15,88,142/-
5	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below:	₹ 16,00,000/- (Amount approved by Board) Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SI. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	**AIM for Seva** This programs aims to implement the concept of Students Home, a free home facility in the vicinity of an existing school. Free students' home provide free shelter, food, clothing and access to school and additionally to provide a value education, life skills, IT skills and extracurricular activities.	Education	Local Area Maharashtra	6,00,000/-	6,00,000/-	6,00,000/-	Through implementing agency: AIM for SEVA

2	**A R Rahman Foundation** This program aims to create opportunities for the underprivileged - to lead a better life, both mentally and physically, through music, education and leadership building	Education	Local Area Tamil Nadu	10,00,000/-	10,00,000/-	10,00,000/-	Through implementing agency: A R Rahman Foundation

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

   We hereby confirm that the implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the Company.

Amit Gainda
(Chief Executive Officer)

Kapil Wadhawan
(Chairman - CSR Committee)
(DIN: 00028528)

Place: Mumbai
Date: July 30, 2019

Annexure III

Nomination Remuneration and Evaluation Policy

1. TITLE

This policy shall be called as "Nomination, Remuneration and Evaluation Policy".

2. OBJECTIVE AND PURPOSE

In line with the statutory requirement under the provisions of the Companies Act, 2013 and the regulatory frame work for Non-Banking Financial Companies (NBFC) issued by Reserve Bank of India (RBI), the Company has constituted a Committee named as Nomination, Remuneration and Compensation Committee ("Committee"). Further, the following policy has been prepared as per the requirement of the said provisions. The objective and purpose of the policy is:

a) To ensure that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees.

b) To ensure that relationship of remuneration to performance is clear and meets the performance benchmarks.

c) To ensure that remuneration to Directors, Key Managerial Personnel, Senior Management and other employees involves a balance between fixed and incentives pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

3. DEFINITIONS

i. **Board or Board of Directors** - means the Board of Directors of the Company.
ii. **Company** shall mean Avanse Financial Services Limited
iii. **Committee** - means the Nomination, Remuneration and Compensation Committee of the Company.
iv. **Fit and Proper** - means the fit and proper criteria as prescribed by the Reserve Bank of India from time to time.
v. **Key Managerial Personnel** as defined in the Companies Act, 2013, as amended from time to time.
vi. **Senior Management Personnel** shall mean personnel of the Company who are Members of its core management team excluding Board of Directors and Chief Executive Officer (CEO) including all functional heads.

4. POLICY

A) Appointment / Nomination Criteria:

i) The Committee shall identify and ascertain the integrity, qualifications, skills, expertise, back ground, experience, independence etc. of the person for appointment as a Director and Key Managerial Personnel (KMP) and recommend to the Board his / her appointment. The appointment of the Directors and KMP shall be as per the provisions of the Companies Act, 2013 and other applicable laws, as amended from time to time.

ii) For the appointment of Senior Management Personnel the criteria shall be to identify and ascertain integrity, qualification, skills, expertise, industry experience, back ground etc. of the person proposed to be appointed and the appointment of Senior Management Personnel shall be approved by the CEO of the Company.

iii) In case of appointment of Director, the Committee and the Board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India as amended from time to time and maintain the position during their tenure in office.

iv) The Committee shall be duly informed about the appointment of any Senior Management Personnel.

v) Any other criteria as the Committee may deem fit and / or mentioned in the applicable laws.

B) Evaluation:

i) The Committee or Board shall carry out evaluation of performance of Board, its Committees and individual director on annual basis as per the provisions of the Companies Act, 2013, as amended from time to time. The manner of evaluation can be in the questionnaire form, rating form or in any other manner as may be decided by the Committee from time to time. The performance parameters includes, but not limited to expertise, objectivity & independence, understanding of the company's business, willingness to devote the time, participation in discussion, responsiveness, composition of Board/Committees, frequency of meetings etc.

ii) The evaluation of the KMP shall be done by the Committee based on their performance, achievements, ratings, Company's business performance etc.

iii) The performance evaluation of the Senior Management and other employees shall be as per the Company's performance, annual appraisal process, prevailing HR Policies and HR framework implemented by the Company from time to time.

C) Removal:

In case of any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable laws and breach of Company's prevailing HR Policies, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules, regulations and HR Policies.

D) Remuneration:

The compensation structure may also include stock options targeting employee participation in ownership of the Company and to ensure the retention of potential talents for the future growth and diversity of the Company. Any Director holding directly or indirectly more than 10% of the outstanding equity shares of the Company and Independent Director shall not be entitled to any stock options.

a) Executive Chairman / Managing Director / Whole-time Director:

i. The remuneration / commission / bonus / performance linked incentives etc. to the Executive Chairman / Managing Director / Whole-time Director, will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required as per applicable laws.

ii. The remuneration / commission to be paid to the Executive Chairman / Managing Director / Whole-time Director shall be as per the provisions of the Companies Act, 2013, and the rules made thereunder as amended from time to time and other applicable laws, if any.

iii. Increments / Revision to the existing remuneration / compensation structure shall be recommended by the Committee to the Board for its consideration and approval.

b) Non-Executive Director / Independent Director:

i) The Commission may be paid to the Non-Executive Director / Independent Director as per the provisions of Articles of Association, Companies Act, 2013, rules made there under and other applicable laws, if any.

ii) The Non-Executive Directors / Independent Director may receive sitting fees for attending meetings of Board or Committee(s) thereof approved by the Board from time to time in line with the applicable provisions of the Companies Act, 2013.

c) KMP and Senior Management Personnel:

i. The remuneration to the KMP and Senior Management Personnel of the Company shall be in line with the Company's philosophy to provide fair compensation to key – executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests. The remuneration of Senior Management Personnel at the time of appointment including performance linked incentives, any revision / increments in the remuneration shall be approved by the CEO as per the HR Policy of the Company.

ii. The remuneration, annual increments, performance linked incentives, perquisites etc. to the KMP of the Company shall be recommended by the Committee and approved by the Board of Directors.

d) Remuneration of Other Employees

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

e) AMENDMENTS

Any subsequent amendment / modification in the applicable laws in this regard shall automatically apply to this policy.

The policy shall be reviewed as and when required and may be amended by the Board on the recommendation of the Committee.

Annexure IV

Form No. AOC-2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   All the contracts or arrangements or transactions entered into by the company were on arms length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

   The company has not entered into any contract of material nature which falls within the provisions of Section 188 of the Companies Act 2013.

(a)	Name(s) of the related party and nature of relationship	N.A.
(b)	Nature of contracts/ arrangements/ transactions	N.A.
(c)	Duration of the contracts / arrangements/ transactions	N.A.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	N.A.
(e)	Date(s) of approval by the Board, if any:	N.A.
(f)	Amount paid as advances, if any	N.A.

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Place: Mumbai
Date: July 30, 2019

Annexure V

Report on Corporate Governance

Corporate Governance is the framework by which the Company ensures transparency in all its dealings and whereby various stakeholders' interests are balanced. The Company's philosophy on Corporate Governance is to achieve business excellence by enhancing the long term welfare of all its stakeholders. The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics and accountability to its customers, government and others. The Corporate Governance report is prepared basis the position as on March 31, 2019.

1. Board Meeting

During the financial year 2018-19, the Board met Six times i.e. on April 24, 2018, June 18, 2018, July 17, 2018, October 29, 2018, January 18, 2019 and March 16, 2019. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The attendance of each director at the above said meetings is as follows;

Sr. No.	Name of the Director	Designation	Number of meetings attended
1	Mr. Kapil Wadhawan	Non-Executive Chairman	5
2	Mr. Anoop Pabby*	Non-Executive Director	2
3	Mr. Suresh Mahalingam	Non-Executive Director	6
4	Mr. Mahendra Kumar Chouhan	Independent Director	6
5	Mr. Suresh Kumar Jain	Independent Director	5
6	Ms. Savita Mahajan**	Independent Director	1

*Resigned w.e.f. November 2, 2018
**Appointed w.e.f. December 1, 2018

2. Audit Committee

The Constitution of the Audit Committee is in compliance with the provisions of the Companies Act, 2013. The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 ("Act") read with Companies (Meeting of Board and its Powers) Rules, 2014 and as required by other applicable laws. The Company Secretary acts as the secretary to the Committee. During the financial year 2018-19, the Committee met four times i.e. on April 24, 2018, July 17, 2018, October 29, 2018 and January 18, 2019. The composition of the Audit Committee as on March 31, 2019 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Mahendra Kumar Chouhan (Chairman of the Committee)	4
2	Mr. Anoop Pabby*	2
3	Mr. Suresh Kumar Jain	4
4	Mr. Suresh Mahalingam**	1

*Resigned as Director w.e.f. November 2, 2018
**Appointed as Member of the Committee w.e.f. December 1, 2018

3. Nomination, Remuneration and Compensation (NRC) Committee

The constitution of the NRC Committee is in compliance with the provisions of the Companies Act, 2013. The terms of reference of the Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules 2014 and as required by other applicable laws. The Company Secretary acts as the secretary to the Committee. During the financial year 2018-19, the Committee met three times i.e. on April 24, 2018, June 18, 2018 and January 18, 2019. The composition of the NRC Committee as on March 31, 2019 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Suresh Kumar Jain (Chairman of the Committee)	2
2	Mr. Mahendra Kumar Chouhan	3
3	Mr. Suresh Mahalingam	3

4. Corporate Social Responsibility Committee

During the year under review, the Board has constituted Corporate Social Responsibility (CSR) Committee as per the requirements of Section 135 of the Companies Act, 2013 and rules made there under. The terms of reference of the Committee are in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made there under. The Company Secretary acts as the secretary to the Committee. During the financial year 2018-19, the Committee met once on January 18, 2019. Pursuant to the provisions of the Companies Act, 2013 an Annual Report on Corporate Social Responsibility for the FY 2018-19 is attached as **"Annexure II".**

The composition of the CSR Committee as on March 31, 2019 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Kapil Wadhawan (Chairman of the Committee)	1
2	Mr. Suresh Mahalingam	1
3	Mr. Suresh Kumar Jain	1

5. Risk Management Committee

The Members of the Committee as on March 31, 2019 are Mr. Suresh Kumar Jain, Independent Director (Chairman of the Committee), Mr. Suresh Mahalingam, Non-executive Director, Mr. Amit Gainda - CEO, Mr. Sudhakar B V – CRO, Mr. Rahul Bhapkar - CFO, Mr. Samir Kumar Mohanty – COO, and Mr. Smitesh Shah - CTO. The terms of reference of the Committee *interalia* include ensuring formulation and implementation of the Risk Management Policy of the Company.

6. Asset Liability Management Committee (ALCO)

Pursuant to the regulatory framework for NBFC issued by Reserve Bank of India, Asset Liability Management Committee (ALCO) was constituted. ALCO lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO of the Company monitors, on an ongoing basis, liquidity, interest rate and funding risks to which the Company is susceptible.

The Members of the Committee are Mr. Amit Gainda - CEO (Chairman of the Committee), Mr. Rahul Bhapkar – CFO, Mr. Samir Kumar Mohanty - COO and Mr. Sudhakar B V - CRO.

7. IT Strategy Committee

The constitution of the IT Strategy Committee of the Company is in line with requirement of RBI Master Direction – Information Technology Framework for the NBFC Sector. The terms of reference of the Committee are as per the said RBI Directions. The Members of IT Strategy Committee are Mr. Mahendra Kumar Chouhan – Independent Director (Chairman of the Committee), Mr. Suresh Mahalingam – Non-Executive Director, Mr. Amit Gainda – CEO (Member - CIO) and Mr. Smitesh Shah – CTO.

8. Borrowing Committee

The Members of Borrowing Committee are Mr. Amit Gainda - CEO (Chairman of the Committee), Mr. Rahul Bhapkar – CFO and Mr. Samir Kumar Mohanty - COO. The terms of reference of the Committee interalia include ascertaining and meeting the fund requirements of the Company through diversified resources as per the applicable provisions of the Companies Act, 2013 and rules made thereunder and any other applicable law for the time being in force and in the best interest of the Company.

9. Investment Committee

The Members of Investment Committee are Mr. Amit Gainda - CEO (Chairman of the Committee), Mr. Rahul Bhapkar – CFO and Mr. Samir Kumar Mohanty - COO. The terms of reference of the Committee interalia include to invest the idle funds lying with the Company, managing the bank accounts of the Company and other related matters.

10. Details of Shareholding as on March 31, 2019

Sr. No.	Name of Shareholder	No. Of Shares held	% of total share capital
1	Wadhawan Global Capital Limited	3,08,25,437	49.04
2	Dewan Housing Finance Corporation Ltd	1,92,50,719	30.63
3	International Finance Corporation	1,25,71,005	20.00
4	Others	2,07,858	0.33
	Total	**6,28,55,019**	**100**

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Place: Mumbai
Date: July 30, 2019

Annexure VI

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2015 AND AMENDMENTS THEREOF

i) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director / KMP	% increase in remuneration in the FY 2018-19	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Kapil Wadhawan Non-Executive Chairman	N.A.	N.A.
2	Mr. Mahendra K Chouhan Independent Director	N.A.	N.A.
3	Mr. Suresh Kumar Jain Independent Director	N.A.	N.A.
4	Mr. Suresh Mahalingam Non-Executive Director	N.A.	N.A.
5	Mr. Anoop Pabby* Non-Executive Director	N.A.	N.A.
6	Ms. Savita Mahajan** Independent Director	N.A.	N.A.
7	Mr. Amit Gainda Chief Executive Officer	7.5%	N.A.
8	Mr. Rahul Bhapkar Chief Financial Officer	51%	N.A.
9	Mr. Rakesh Dhanuka Company Secretary	21%	N.A.

Only sitting fees is paid to the Independent Directors. Rest of the directors are not paid any remuneration or commission etc.

* Resigned w.e.f. November 2, 2018

** Appointed w.e.f. December 1, 2018

ii) The median remuneration of the employees of the Company during the financial year 2018-19 was ₹ 7,50,000/-

iii) In the financial year 2018-19, there was an increase of 11.8 % in the median remuneration of employees.

iv) There were 392 permanent employees on the rolls of Company as on 31st March, 2019.

v) Average percentage increase made in the salaries of employees other than the Managerial Remuneration in the FY 2018-19 was 11.8 % whereas the increase in the Managerial Remuneration for the same FY 2018-19 was Nil.

vi) It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Place: Mumbai
Date: July 30, 2019

Annexure VII

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2015.

a) Employed throughout the financial year and was in receipt of remuneration for the year in aggregate of not less than ₹ 1,02,00,000/-

Name	Designation	*Remuneration Received (₹)	Qualification	Experience	Date of Commence-ment of employment	Age	Last Employment	Equity Shares held in the Company (%)	Relative of any Director or KMP
Amit Gainda	Chief Executive Officer	#9,12,08,296/-	B.Com & MBA from IMI and INSEAD	22 Years	01.04.2017	44 Years	Dewan Housing Finance Corporation Ltd	Nil	No
Rahul Bhapkar	Chief Financial Officer	1,60,19,269/-	CA & MBA Finance	13 Years	01.04.2017	35 Years	Wadhawan Global Capital Ltd	Nil	No
Smitesh Shah	Chief Technology Officer	1,53,08,618/-	B.Tech	24 Years	11.07.2017	47 Years	VFS Global Services Pvt Ltd	Nil	No
Vivek Kumar Baranwal	Business Head - Commercial Finance	1,30,46,429/-	CA	17 Years	16.05.2017	42 Years	Reliance Commercial Finance Ltd	Nil	No
Rajesh Kachave	Business Head - Education Loans	1,17,48,990/-	PGDBA	19 Years	02.08.2017	44 Years	HDFC Bank Ltd	Nil	No
Samir Mohanty	Chief Operating Officer & Chief People Officer	1,14,42,041/-	PGDBA	18 Years	01.09.2017	42 Years	TATA Capital Financial Services Ltd	Nil	No
Amit Yadav	Corporate Planning & Strategic Alliances	1,03,59,031/-	MBA - Finance	17 Years	01.12.2017	41 Years	Religare Support Services Ltd	Nil	No

*Remuneration includes variable / performance pay for the FY 2017-18 paid in FY 2018-19 and one time retention pay.

#Also includes payout as per Intra Group Transfer Policy

b) Employed for a part of the financial year and was in receipt of remuneration at a rate in aggregate not less than ₹ 8,50,000/- per month: **NIL**

c) Employed throughout the financial year or part thereof, was in receipt of remuneration in the year which, in the aggregate or at a rate which in the aggregate was in excess of that drawn by the Managing Director or Whole-time Director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company: **NIL**

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Place: Mumbai
Date: July 30, 2019

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
AVANSE FINANCIAL SERVICES LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AVANSE FINANCIAL SERVICES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2019 complied with the statutory provisions listed hereunder. The Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended March 31, 2019 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

    a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
    b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    c) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

    Other laws applicable to the Company:

    a) The Reserve Bank of India (RBI) Act, 1934
    b) RBI Directions, Guidelines, Circulars etc. applicable to NBFC-ND-SI
    c) The IRDA Regulations for Corporate Agents, 2015
    d) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
    e) Employees' State Insurance Act, 1948
    f) Equal Remuneration Act, 1976
    g) The Payment of Gratuity Act, 1972
    h) The Payment of Wages Act, 1936
    i) The Professional Tax Act, 1975
    j) The Provident Fund Act, 1952
    k) Payment of Bonus Act, 1965
    l) Maternity Benefit Act, 1961
    m) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with the applicable clauses of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

During the period under review, except delay in appointment of Woman Director as per the provision of the Companies Act, 2013 and rules made thereunder the Company has complied with the provisions of the Act, Rules, Regulations, Directions, Guidelines, Standards, etc. mentioned above

We further report that as on the date of the report the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors (including Woman Director). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice had been given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in cases where shorter notice/s were given for Board Meetings, at least one Independent Director was present at such meeting/s and that the system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

All the decisions at the Board Meetings were passed unanimously and with requisite majority in General meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

(i) Buy-back of securities.
(ii) Merger/ amalgamation/ reconstruction etc.
(iii) Foreign technical collaborations.

For Sachin Manseta & Associates
Practicing Company Secretaries

Sachin Manseta
Proprietor
FCS No. 8279
CP No. 8540

Date: 15th April, 2019
Place: Mumbai

To,
The Members
Avanse Financial Services Limited

Our report of even date is to be read along with this letter.

(1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

(4) Where ever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the company.

For Sachin Manseta & Associates
Practicing Company Secretaries

Sachin Manseta
Proprietor
FCS No. 8279
CP No. 8540

Date: 15th April, 2019
Place: Mumbai

INDEPENDENT AUDITORS' REPORT

To The Members of Avanse Financial Services Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Avanse Financial Services** Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

A. Impairment of loans measured at amortized cost (refer note 38.3 to the financial statements

Key Audit Matter Description

As at the year end, the Company has financial assets in form of loans granted to customers Rs. 294,007.00 Lakh net of provision for expected credit loss of Rs. 1696.69 Lakh. Management estimates impairment provision using collective model based approach for the loan exposure other than those subject to specific provision. We have reported this as a key audit matter because measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are:

- Timely identification of the impaired loans
- Key assumptions in respect of benchmarking the credit rating of the customers assessed by the Company with the External Credit Rating Agency, determination of probability of defaults and loss given defaults including consideration of collateral values

How the Key Audit Matter Was Addressed in the Audit

The audit procedures performed by us included the following:

- Tested the design and effectiveness of internal controls implemented by the management for following:
  - Identification of credit deterioration and consequently impaired loans
  - Validation of the critical components viz. Exposure at Default (EAD), Probability of Default (PD) and Loss given default (LGD) used for the impairment provision
  - Management's judgement applied for the key assumptions used for the purpose of determination of impairment provision
  - Completeness and accuracy of the data inputs used
- Tested the completeness and accuracy of data from underlying systems used in the model including the bucketing of loans into delinquency bands. We assessed and tested the key underlying assumptions and significant judgements used by management.
- For loans identified by management as potentially impaired, examined on a sample basis, the calculation of the impairment, assessed the underlying assumptions and corroborated these to supporting evidence.
- Examined a sample of loans which had not been identified by management as potentially impaired (Stage 1 and 2 assets) and formed our own judgement as to whether that was appropriate through examining information such as the counterparty's payment history.
- Involved specialists for evaluation of the methodology and approach applied by the management.

B. Application of new Accounting Standards (refer note 37 to the financial statements)

Key Audit Matter Description

The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1st April, 2018 in terms of the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The transition date balance sheet as on 1st April, 2017 and the comparative financial statements for the year ended 31st March, 2018 included in these Ind AS financial statements, is based on the statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006 and have been restated to comply with Ind AS. The application of mandatory and optional transitional adjustment involves significant level of judgment by the management. Hence this has been identified as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

- Obtained an understanding of the management's process and tested internal controls in respect of identification and application of the differences between the existing accounting policies and the requirements under Ind AS.
- Evaluated the completeness of the adjustments identified by the management in terms of requirements of Ind AS.
- Verified the basis and calculations of the material adjustments viz. application of expected credit loss model, application of effective interest rate on certain financial assets and liabilities and accounting of derecognition of loan portfolio.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors Report, but does not include the financial statements and our auditor's report thereon. The Board of Directors Report is expected to be made available to us after the date of this auditor's report.

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

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

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement 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.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditors' 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.

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. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Other Matters

The comparative financial information of the Company for the year ended 31st March 2018 and the related transition date opening balance sheet as at 1st April 2017 included in these financial statements, have been prepared after adjusting previously issued financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued financial statements were audited by one of us whose report for the year ended 31st March 2018 and 31st March 2017 dated 24th April 2018 and 28th April 2018 respectively expressed an unmodified opinion on those financial statements. Adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us.

Our opinion on the financial statements is not modified in respect of this the above matters on the comparative financial information.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company does not have any pending litigations, as at the year-end which would impact its financial position
   ii. The Company did not have any long-term contracts including derivative contracts, as at the year-end for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **T R CHADHA & CO LLP**
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Pramod Tilwani
(Partner)
(Membership No. 076650)

G. K. Subramaniam
(Partner)
(Membership No. 109839)

MUMBAI, 24th April, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 reporting of Avanse Financial Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS 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 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our 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 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 the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls 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 purposes 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 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 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 misstatements 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 our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting 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 **T R CHADHA & CO LLP**
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Pramod Tilwani
(Partner)
(Membership No. 076650)

G. K. Subramaniam
(Partner)
(Membership No. 109839)

MUMBAI, 24th April, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

(i) In respect of fixed assets

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification

c) With respect to immovable property of land which is freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed of such immovable property is held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the company does not have inventory. Accordingly, the provisions of Clause 3(ii) of the Order are not applicable to the company.

(iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans and making investments, as applicable. The Company has not provided any guarantees and securities.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in this regard in the case of the Company.

(vi) According to the information and explanations given to us, the Company is not required to maintain cost records under sub-section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) The Company has been generally regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Works Contract Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and services Tax, Customs Duty, Works Contract Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

c) There are no dues of Income-tax, Goods and Services Tax and Customs Duty as on March 31, 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, financial institutions or dues to debenture holders. The Company has not taken loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with the directors and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **T R CHADHA & CO LLP**
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

Pramod Tilwani
(Partner)
(Membership Number. 076650)

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G. K. Subramaniam
(Partner)
(Membership No. 109839)

MUMBAI, 24th April, 2019

AVANSE FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Rs. in Lacs)

	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
	ASSETS				
I	**Financial assets**				
(a)	Cash and cash equivalents	5	14,347.65	23,881.55	6,475.68
(b)	Bank balances other than (a) above	6	3,175.97	434.00	-
(c)	Loans	7	2,94,007.00	2,21,100.66	98,046.21
(d)	Other financial assets	8	672.14	604.37	176.62
			3,12,202.76	**2,46,020.58**	**1,04,698.51**
II	**Non-Financial assets**				
(a)	Current tax assets (net)		152.72	115.41	103.14
(b)	Deferred tax assets (net)	9	547.20	351.92	191.36
(c)	Property, plant and equipment	10	309.66	149.31	111.06
(d)	Other intangible assets	10	899.64	97.68	37.80
(e)	Other non-financial assets	11	362.01	404.83	86.15
			2,271.23	**1,119.15**	**529.51**
	Total Assets		**3,14,473.99**	**2,47,139.73**	**1,05,228.02**
	LIABILITIES AND EQUITY				
	LIABILITIES				
I	**Financial Liabilities**				
(a)	Trade payables				
	- total outstanding dues of micro and small enterprises	12	5.74	-	-
	- total outstanding dues to creditors other than micro and small enterprises		1,444.78	459.51	248.42
(b)	Debt securities	13	46,795.42	50,766.91	17,732.87
(c)	Borrowings (other than debt securities)	14	1,86,968.62	1,33,544.03	71,432.22
(d)	Other financial liabilities	15	20,743.42	13,627.36	1,674.14
			2,55,957.98	**1,98,397.81**	**91,087.65**
	Non-Financial Liabilities				
(a)	Current tax liabilities (net)		227.37	46.24	-
(b)	Provisions	16	228.73	-	164.04
(c)	Other non-financial liabilities	17	281.57	140.14	48.15
			737.67	**186.38**	**212.19**
III	**EQUITY**				
(a)	Equity share capital	18	6,285.50	5,924.27	3,316.75
(b)	Other equity	19	51,492.84	42,631.27	10,611.43
	Total equity		**57,778.34**	**48,555.54**	**13,928.18**
	Total liabilities and equity		**3,14,473.99**	**2,47,139.73**	**1,05,228.02**
	The accompanying notes form an integral part of the financial statements	1 to 41			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

For Avanse Financial Services Limited

G. K. Subramaniam
Partner
Membership No. 109839
Place : Mumbai
Date : April 24, 2019

Kapil Wadhawan
Director
DIN - 00028528

Suresh Mahalingam
Director
DIN - 01781730

For T R Chadha & Co LLP
Chartered Accountants
Registration No. 06711N/N500028

Amit Gainda
Chief Executive Officer

Rahul Bhapkar
Chief Financial Office

Pramod Tilwani
Partner
Membership No. 076650

Place : Mumbai
Date : April 24, 2019

Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : April 24, 2019

AVANSE FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in Lacs)

	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**Income**			
	Revenue from operations			
	Interest income	20	40,505.76	20,006.26
	Fees and commission income	21	705.06	291.45
	Other operating income	22	102.53	117.59
	Total revenue from operations		**41,313.35**	**20,415.30**
	Other income	23	718.47	367.85
	Total income		**42,031.82**	**20,783.15**
II	**Expenses**			
	Finance costs	24	24,015.23	12,062.67
	Impairment on financial instruments	25	679.74	458.07
	Employee benefits expense	26	7,516.32	2,908.77
	Depreciation and amortisation expense	10	403.87	82.14
	Other expenses	27	5,267.94	3,471.56
	Total expenses		**37,883.10**	**18,983.21**
III	**Profit before tax**		**4,148.72**	**1,799.94**
IV	**Tax expense**			
	Current tax	28	1,613.58	770.72
	Deferred tax	28	-191.83	-156.42
	Total tax expense		**1,421.75**	**614.30**
V	**Net profit after tax**		**2,726.97**	**1,185.64**
VI	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Actuarial loss on post retirement benefit plans		-9.87	-11.85
	- Income tax on above		3.45	4.14
	Total other comprehensive income		**-6.42**	**-7.71**
VII	**Total comprehensive income**		**2,720.55**	**1,177.93**
VIII	**Earnings per equity share**	30		
	(Face value of Rs. 10/- each)			
	Basic (Rs.)		4.40	2.85
	Diluted (Rs.)		4.40	2.85
	The accompanying notes form an integral part of the financial statements	1 to 41		

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Chief Financial Officer

Pramod Tilwani
Partner
Membership No. 076650

Place : Mumbai
Date : April 24, 2019

Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : April 24, 2019

AVANSE FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

(Rs. in Lacs)

	Particulars	As at 31.03.2019	As at 31.03.2018
A	**Cash flow from operating activities**		
	Profit before tax	4,148.72	1,799.94
	Adjustment for:		
	Depreciation and amortisation expenses	403.87	82.14
	Net gain on fair value changes (realised)	-535.89	-259.53
	Provision for impairment on financial instruments	679.74	458.07
	Interest on fixed deposits	-171.44	-5.73
	Baddebts written off	22.23	-
	Actuarial loss on post retirement benefit plans	-9.87	-11.85
	Gain on sale of fixed asset	0.19	-0.01
	Excess provision written back	-	-44.70
	Operating profit before working capital changes	**4,537.55**	**2,018.33**
	Adjustment for:		
	(Increase) in loans	-73,608.32	-1,23,512.50
	Decrease / (Increase) in Other non-financial assets	42.82	-318.68
	Decrease / (Increase) in financial assets	19.76	-422.02
	Increase in financial liabilities	7,574.51	11,051.75
	Increase in trade payables	840.91	211.09
	Increase in non financial liabilities	141.43	91.99
	Increase / (Decrease) in Provisions	228.73	-164.04
	Cash (used in) operations	**-60,222.61**	**-1,11,044.08**
	Direct taxes paid (net)	-1,469.76	-736.75
	Net cash (used in) operating activities	**-61,692.37**	**-1,11,780.83**
B	**Cash flow from investing activities**		
	Investments in mutual fund units	-2,09,548.99	-1,72,625.00
	Sale of mutual fund units	2,10,084.90	1,72,884.53
	Interest received on bank deposits	83.90	-
	Purchase of property, plant & equipment and intangible assets	-1,216.34	-180.64
	Sale of property, plant & equipment	0.07	0.38
	Bank deposit not considered as cash and cash equivalents (net)	-2,741.97	-434.00
	Net cash (used in) investment activities	**-3,338.43**	**-354.73**
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share	361.23	2,607.52
	Share premium	6,141.02	30,841.91
	Proceeds from long-term borrowings	82,500.00	77,000.00
	Repayment of long-term borrowings	-29,958.04	-6,908.00
	(Repayment of) / proceeds from short-term borrowings (net)	-3,547.31	26,000.00
	Net cash generated from financing activities	**55,496.90**	**1,29,541.43**
	Net (Decrease) / Increase in Cash and cash equivalents	-9,533.90	17,405.87
	Cash and cash equivalents at the beginning of the year	23,881.55	6,475.68
	Cash and cash equivalents at the end of the year (refer note 5)	**14,347.65**	**23,881.55**

The accompanying notes form an integral part of the financial statements 1 to 41

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

For Avanse Financial Services Limited

G. K. Subramaniam
Partner
Membership No. 109839
Place : Mumbai
Date : April 24, 2019

Kapil Wadhawan
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Amit Gainda
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Partner
Membership No. 076650

Place : Mumbai
Date : April 24, 2019

Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : April 24, 2019

AVANSE FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2019

A. EQUITY SHARE CAPITAL

(Rs. in Lacs)

Particulars	Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
Equity Share Capital	3,316.75	2,607.52	5,924.27	361.23	6,285.50

B. OTHER EQUITY

(Rs. in Lacs)

	Reserves and Surplus				Total
	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve	
Balance as at April 1, 2017	**10,914.02**	**-468.32**	**0.14**	**165.59**	**10,611.43**
Other comprehensive income for the year		-7.71			-7.71
Premium received on shares issued during the year	30,841.91				30,841.91
Transferred from statement of profit and loss		-204.90		204.90	-
Profit for the year		1,185.64			1,185.64
Balance as at March 31, 2018	**41,755.93**	**504.71**	**0.14**	**370.49**	**42,631.27**
Profit for the year		2,726.97			2,726.97
Premium received on shares issued during the year	6,141.02				6,141.02
Transferred from statement of profit and loss		-545.39		545.39	-
Other comprehensive income for the year		-6.42			-6.42
Balance as at March 31, 2019	**47,896.95**	**2,679.87**	**0.14**	**915.88**	**51,492.84**

The accompanying notes form an integral part of the financial statements 1 to 41

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

For Avanse Financial Services Limited

G. K. Subramaniam
Partner
Membership No. 109839
Place : Mumbai
Date : April 24, 2019

Kapil Wadhawan
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Partner
Membership No. 076650

Place : Mumbai
Date : April 24, 2019

Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : April 24, 2019

1. Corporate Information

Avanse Financial Services Limited (the 'Company') is a RBI registered Non-Deposit Accepting Non Banking Financial Company. The main object of the Company is to lend money by way of loans, advance, overdraft or otherwise with or without security and to solicit and procure insurance business as corporate agent. The Debentures of the Company are listed on Bombay Stock Exchange (BSE). The Company is Systematically Important Non-deposit taking Non-Banking Financial Company.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and Preparation of Financial statements

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) and the relevant provisions of the Companies Act, 2013 (the "Act") (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Effective April 01, 2018, the Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP

Historical cost convention
The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.2 Property, plant and equipment and Intangible Assets

i. Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

Category of Assets	Useful Life
Furniture & Fixtures	6 years
Computer Hardware	3 years
Vehicle	5 years
Office Equipment	5 years

Assets costing less than Rs 5,000 are fully depreciated in the year of capitalization.

Leasehold improvement is amortized on SLM over the lease term subject to a maximum of 36 months.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

ii. Intangible:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised

Deemed cost on transition to Ind AS

For transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Impairment on non-financial assets

As at the end of each year, the Company reviews the carrying amount of its non-financial assets that is PPE and intangible to determine whether there is any indication that these assets have suffered an impairment loss.

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.3 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

a**.** Interest Income
Interest income on financial instruments at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable. Interest on financial instruments measured as at fair value is included within the fair value movement during the period

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

b**.** Fees and Commission Income
Fee and commission income include fees other than those that are an integral part of EIR. The fees included in this part of the statement of profit and loss include among other things fees charged for servicing a loan

c. Investment Income
The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

2.4 Leasing

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the assets for the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

2.5 Borrowing Costs
Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets as defined in Ind AS 23 are capitalized as a part of costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use

Interest expenses are calculated using the EIR and all other Borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred

2.6 Employee Benefits
Retirement benefit costs and termination benefits
Defined Contribution Plan
Payments to defined contribution plans are recognised as expense in the Statement of Profit and Loss of the year when employees have rendered service entitling them to the contributions. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payment is available

Defined Benefit Obligation
The Company's Gratuity liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan

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

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

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided at the undiscounted amount of the benefits expected to be paid in exchange for that service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service

Other Long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.7 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax

The tax currently payable is based on the taxable profit for the year of the Company. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.8 Goods and Service Tax Input Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

i. an entity has a present obligation (legal or constructive) as a result of a past event; and

ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii. a reliable estimate can be made of the amount of the obligation

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Further, long term provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

ii. a present obligation arising from past events, when no reliable estimate is possible.

Contingent Assets:

Contingent assets are not recognized in the financial statements

2.10 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

i. estimated amount of contracts remaining to be executed on capital account and not provided for;

ii. uncalled liability on shares and other investments partly paid;

iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

2.11 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

2.12 Segments

Based on “Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the “Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

2.13 Financial Instruments

Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and liabilities are recognized when the company becomes the party to the contractual provisions of the instruments. Financial assets primarily comprise of loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial Measurement of Financial Instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

• in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the Statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

2.14 Financial Assets

Subsequent Measurement of Financial Assets:

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets

Classification of Financial Assets:

• Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

• all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and

• the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the individual asset basis and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed at individual basis and collectively to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Impairment of financial assets

Overview of the Expected Credit Loss principles

The company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

Expected credit losses (ECL) are a probability-weighted estimate of the present value of credit losses. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company measures ECL for stage 3 assets (as defined below) on an individual basis. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Performing assets (high quality assets) with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2 - Under-performing assets (assets for which there is significant increase in credit risk) having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

• Stage 3 - Non-performing assets (credit impaired assets) with overdue more than 90 DPD
For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 and loans under short term financing, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109.

This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The Financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognised only when :
- The Company has transferred the rights to receive cash flows from the financial assets or

- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

2.15 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities
A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term investments, as defined above.

2.17 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss (before Other Comprehensive Income) for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

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

2.18 Standards Issued but net yet effective

Ind AS 116 Leases was notified on 28th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The company is in the process of assessing the impact of the new standard.

3. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Expected Credit Loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in Note 38.3

4 Transition to Ind AS:

Overall principle

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS transition balance sheet as at April 1, 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and note 37.

Exemptions and Exceptions availed:

We have set out below the applicable Ind AS 101 optional and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS Exemptions:

Deemed cost for property, plant and equipment and other intangible assets:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Estimates:

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date.

5. Cash And Cash Equivalents

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash in hand	6.64	1.19	0.07
Balances with banks:		-	-
- In Current Accounts	6,838.98	8,880.36	6,475.61
- In Deposit accounts (refer note 5.1 below)	7,500.00	15,000.00	-
Cheques on hand	2.03	-	-
Total	**14,347.65**	**23,881.55**	**6,475.68**

5.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term fixed rates.

6. Other bank balances

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deposit accounts under lien against which facilities are availed (refer note 6.1 & 6.2 below)	3,175.97	434.00	-
Total	**3,175.97**	**434.00**	**-**

6.1 Balance in deposit account includes Rs. 670.97 lacs (P.Y. 2017-18 - Rs 434.00 lacs, P.Y. 2016-17 - Nil) being earmarked towards credit enhancement towards securitisation transaction; Rs 2,500 lacs (P.Y. 2017-18 - Nil, P.Y. 2016-17 - Nil) towards lien against overdraft facility and Rs 5.00 lacs (P.Y. 2017-18 - Nil, P.Y. 2016-17 - Nil) towards bank guarantee

6.2 Deposits are made for varying period from 1 to 2 years and earn interest at the respective fixed rates.

7. Loans

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
Loans given in India to other than public sector			
Term loans	2,85,856.19	2,19,466.26	98,267.90
Interest accrued on loans	9,847.50	2,651.34	337.19
Total – Gross (A)	2,95,703.69	2,22,117.60	98,605.09
Less: Impairment loss allowance	1,696.69	1,016.94	558.88
Total – Net (A)	**2,94,007.00**	**2,21,100.66**	**98,046.21**
(a) Secured by tangible assets	1,30,950.76	1,05,166.68	54,505.16
(b) Secured by accounts receivables, fixed deposits, LIC etc.	27,685.85	26,704.67	2,715.21
(c) Unsecured	1,37,067.08	90,246.25	41,384.72
Total – Gross (B)	2,95,703.69	2,22,117.60	98,605.09
Less: Impairment loss allowance	1,696.69	1,016.94	558.88
Total – Net (B)	**2,94,007.00**	**2,21,100.66**	**98,046.21**

7.1 Disclosure for transferred financial assets

7.1(a) The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Carrying amount of transferred assets measured at amortised cost	12,477.66	10,085.21	-
Carrying amount of associated liabilities (Refer Note 15)	12,477.66	10,085.21	-
Fair value of assets of transferred assets measured at amortised cost	12,477.66	10,085.21	-
Fair value of associated liabilities	12,477.66	10,085.21	-
Net position at FV	**-**	**-**	**-**
Gain or loss recognised at the date of transfer of the assets	-	-	-

7.1.(b) The Company has derecognised certain Financial Assets on account of assignment without recourse. However, the Company has retained 10% of the Financial Assets and below are the disclosures of assets and liabilities associated with the continuing involvement in the Financial Assets.

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Carrying amount of the assets that represent the entity's continuing involvement in the derecognised financial assets	845.14	-	-
Carrying amount of associated liabilities	-	-	-
Maximum exposure to loss from Company's continuing involvement in the derecognised financial assets	845.14	-	-
Fair value of assets of the assets that represent the entity's continuing involvement in the derecognised financial assets	845.14	-	-
Fair value of associated liabilities	-	-	-
Net position at FV	**845.14**	**-**	**-**
Gain or loss recognised at the date of transfer of the assets (Refer Note 20)	106.52	-	-

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

8. Others Financial Assets

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Security Deposits	362.96	300.57	96.96
Excess interest spread receivable	106.52	-	-
Interest accrued but not due on bank deposits	93.26	5.73	-
Other receivables	109.40	298.07	79.66
Total	**672.14**	**604.37**	**176.62**

9 Deferred tax Assets (net)

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(refer note 28.2 & 28.3)			
Impairment of Financial instruments	564.91	327.38	181.29
Carry forward Loss	-	-	23.99
Measurement of Financial instruments at amortised cost	-74.57	38.86	-9.24
Disallowances under section 43B of the Income Tax Act, 1961	103.80	-	-
Difference between books and tax written down value of fixed assets	-46.94	-14.32	-4.68
Total	**547.20**	**351.92**	**191.36**

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

10 Property, Plant and Equipment & Other Intangible Assets:

(Rs. in Lacs)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at 01.04.2018	Additions for the year	Deletions for the year	As at 31.03.2019	Up to 31.03.2018	Additions for the year	Deletions for the year	Up to 31.03.2019	As at 31.03.2019
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	7.50	-	-	7.50	-	-	-	-	7.50
Leasehold improvements	8.18	97.35	-	105.53	4.27	23.81	-	28.08	77.45
Computers	148.04	94.67	0.50	242.21	42.20	70.44	0.24	112.40	129.81
Office Equipment	23.84	73.03	-	96.87	7.04	12.92	-	19.96	76.91
Furniture and fixtures	7.51	7.52	-	15.03	1.85	2.63	-	4.48	10.55
Vehicle	10.79	-	-	10.79	1.19	2.16	-	3.35	7.44
Total	**205.86**	**272.57**	**0.50**	**477.93**	**56.55**	**111.96**	**0.24**	**168.27**	**309.66**
INTANGIBLE ASSETS									
Computer Software	123.21	1,093.87	-	**1,217.08**	25.53	291.91	-	317.44	899.64

(Rs. in Lacs)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at 01.04.2017	Additions for the year	Deletions for the year	As at 31.03.2018	Up to 31.03.2017	Additions for the year	Deletions for the year	Up to 31.03.2018	As at 31.03.2018
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	7.50	-	-	7.50	-	-	-	-	7.50
Leasehold improvements	5.83	2.35	-	8.18	-	4.27	-	4.27	3.91
Computers	70.81	77.65	0.42	148.04	-	42.26	0.06	42.20	105.84
Office Equipment	21.98	1.86	-	23.84	-	7.04	-	7.04	16.80
Furniture and fixtures	4.94	2.57	-	7.51	-	1.85	-	1.85	5.66
Vehicle	-	10.79	-	10.79	-	1.19	-	1.19	9.60
Total	**111.06**	**95.22**	**0.42**	**205.86**	**-**	**56.61**	**0.06**	**56.55**	**149.31**
INTANGIBLE ASSETS									
Computer Software	37.80	85.41	-	**123.21**	-	25.53	-	25.53	97.68

The Company has availed the deemed cost exemption in relation to the property, plant and equipment (except freehold land) on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer below for the gross block value and the accumulated depreciation on April 1, 2017 under the previous GAAP.

(Rs. in Lacs)

Property, Plant and Equipment	Gross Block	Accumulated Depreciation	Net Block
Owned Assets:			
Freehold land	7.50	-	7.50
Leasehold improvements	19.60	13.77	5.83
Computers	137.45	66.64	70.81
Office Equipment	42.02	20.05	21.98
Furniture and fixtures	11.58	6.64	4.94
Total	**218.15**	**107.09**	**111.06**
INTANGIBLE ASSETS			
Computer Software	60.08	22.28	37.80

11 Other Non-Financial Assets

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Prepaid Expenses	123.25	54.51	25.99
Balances with Government Authorities	222.65	111.33	11.80
Other Advances	16.11	238.99	48.36
Total	**362.01**	**404.83**	**86.15**

12 TRADE PAYABLES

The amounts due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Disclosure pertaining to Micro and Small Enterprises as at March 31,2019 are as under :

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	5.74	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-
Total	**5.74**	**-**	**-**

13 DEBT SECURITIES

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
At Amortised Cost (Within India)			
Secured			
Non Convertible Debentures (refer note 13.1 & 13.2)	39,295.42	14,295.42	11,795.42
Unsecured			
Non Convertible Debentures - (refer note 13.2)	7,500.00	7,500.00	2,500.00
Commercial Papers	-	28,971.49	3,437.45
Total	**46,795.42**	**50,766.91**	**17,732.87**

13.1 Non-convertible debentures aggregating Rs.39,500 lacs (2017-18: Rs.14,500 lacs and 2016-17 : Rs.12,000 lacs) are secured by way of first charge on freehold land (proportionately) and hypothecation on pool of certain loan fund balances of the Company.

13.2 Maturity profile and rate of interest/ discounted rate of interest of Non-Convertible Debentures (NCD):

(Rs. in Lacs)

Name of Security	Maturity date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Private Placement - Face value of Rs.10,00,000 each				
9.35% Non- Convertible Debentures	2019-20	5,000.00	-	-
9.20% Non- Convertible Debentures*	2019-20	-	5,000.00	5,000.00
9.55% Non- Convertible Debentures	2020-21	1,000.00	1,000.00	1,000.00
8.65% Non- Convertible Debentures	2021-22	2,500.00	2,500.00	-
9.95% Non- Convertible Debentures (1 Year MCLR of State Bank of India + 1.70%)	2021-22	25,000.00	-	-
9.65% Non- Convertible Debentures	2022-23	1,000.00	1,000.00	1,000.00
10.50% Non-Convertible Debentures (Unsecured)	2023-24	2,500.00	2,500.00	2,500.00
10.10% Non- Convertible Debentures	2025-26	2,500.00	2,500.00	2,500.00
10.05% Non- Convertible Debentures	2025-26	1,000.00	1,000.00	1,000.00
10.10% Non- Convertible Debentures	2025-26	1,500.00	1,500.00	1,500.00
9.50% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00	-
9.35% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00	-
		47,000.00	**22,000.00**	**14,500.00**

*Basis the Put Option Notice exercised by the Debenture holders, these NCDs were fully repaid with interest accrued for the period on Put Option exercise date i.e. 04-Jan-2019.

13.3 The maximum amount of commercial paper outstanding at any time during the year was Rs. 50,000 lacs (P.Y. 2017-18 Rs.29,500 lacs, P.Y.2016-17 Rs 10,000 lacs).

13.4 Commercial paper has interest ranging from 8.40% to 9.50% p.a (6.75% to 9.10% p.a for FY 2017-18 and 7.15% to 7.60% p.a for FY 2016-17) and are repayable within a period upto 365 days from the date of disbursement

14 BORROWINGS (OTHER THAN DEBT SECURITIES)

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost (within India)			
Secured			
Term Loans from Banks (refer note 14.1 & 14.2)	1,34,052.18	1,26,044.03	63,932.22
Term Loans from other parties (refer note 14.1 & 14.2)	26,963.75	7,500.00	7,500.00
Cash Credit from Banks (refer note 14.3)	1,202.69	-	-
Overdraft from Banks (refer note 14.3)	2,250.00	-	-
Unsecured	-	-	-
Inter Corporate Deposits	22,500.00	-	-
Total (A)	**1,86,968.62**	**1,33,544.03**	**71,432.22**

Borrowings are made within India.

14.1 Term loans from banks and other parties are secured against receivables.

Terms of repayment, nature of security & rate of interest in case of Borrowings (Other than Debt Securities)

(Rs. in Lacs)

Residual Maturities	As at 31.03.2019		
	Up to one year (April 2019 to March 2020)	1-3 years (April 2020 to March 2022)	3 years & above (April 2022 onwards)
8.00 % to 9.00%	250.00	-	-
9.01 % to 10.00%	6,749.98	24,447.64	27,242.38
10.01% to 11.00%	35,801.69	37,628.94	24,579.13
11.01% & above	24,499.40	3,450.00	3,000.00
Total	**67,301.07**	**65,526.58**	**54,821.51**

(Rs. in Lacs)

Residual Maturities	As at 31.03.2018		
	Up to one year (April 2019 to March 2020)	1-3 years (April 2020 to March 2022)	3 years & above (April 2022 onwards)
8.00 % to 9.00%	2,795.00	8,715.00	15,590.00
9.01 % to 10.00%	12,047.26	38,296.83	52,847.91
10.01% to 11.00%	1,425.00	1,912.50	525.00
Total	**16,267.26**	**48,924.33**	**68,962.91**

(Rs. in Lacs)

Residual Maturities	As at 31.03.2017		
	Up to one year (April 2019 to March 2020)	1-3 years (April 2020 to March 2022)	3 years & above (April 2022 onwards)
8.00 % to 9.00%	-	1,500.00	6,000.00
9.01 % to 10.00%	2,500.00	7,696.43	11,178.57
10.01% to 11.00%	4,000.00	16,152.50	21,185.00
11.01% & above	300.00	600.00	450.00
Total	**6,800.00**	**25,948.93**	**38,813.57**

14.2 The rate of interest for the above term loans is linked to the MCLR/base rates of the banks and is subject to change from time to time. The above categorisation of loans has been based on the interest rates, prevalent as on the respective reporting dates.

14.3 Cash credit facility from bank is secured against receivables and bank overdraft is secured against fixed deposit with bank.

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

15. OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued but not due on borrowings	4,212.71	977.98	724.35
Employee Benefits Payable	1,450.96	390.00	150.57
Advance received from customers	2,535.73	1,680.76	799.22
Amounts payable under securitisation arrangement	12,544.02	10,578.62	-
Total	**20,743.42**	**13,627.36**	**1,674.14**

16. PROVISIONS

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Employee Benefits			
- gratuity (refer note 34)	52.40	-	42.15
- compensated absences	176.33	-	121.89
Total	**228.73**	**-**	**164.04**

17. OTHER NON-FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Statutory dues	281.57	140.14	48.15
Total	**281.57**	**140.14**	**48.15**

18. EQUITY SHARE CAPITAL

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
AUTHORISED 100,000,000 Equity Shares of ₹ 10 each (FY 2018 10,00,00,000, FY 2017 6,00,00,000 Equity Shares of ₹ 10 each)	10,000.00	10,000.00	6,000.00
	10,000.00	**10,000.00**	**6,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP 6,28,55,019 Equity Shares of ₹ 10 each (FY 2018 5,92,42,661 FY 2017 3,31,67,513 Equity Shares of ₹ 10 each)	6,285.50	5,924.27	3,316.75
	6,285.50	**5,924.27**	**3,316.75**

18.1 (a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number	Rs in lacs	Number	Rs in lacs
Shares outstanding at the beginning of the year	5,92,42,661	5,924.27	3,31,67,513	3,316.75
Shares issued during the year pursuant to right issue	36,12,358	361.23	2,60,75,148	2,607.52
Shares outstanding at the end of the year	**6,28,55,019**	**6,285.50**	**5,92,42,661**	**5,924.27**

18.1 (b) Rights, Preferences and Restrictions

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the 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.

18.1 (c) List of shareholders holding more than 5% shares

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	%	Number	%	Number	%
Wadhawan Global Capital Private Ltd	3,08,25,437	49.04%	3,08,25,437	52.03%	1,41,28,631	42.60%
Dewan Housing Finance Corporation Ltd	1,92,50,719	30.63%	1,92,50,719	32.49%	1,21,97,522	36.78%
International Finance Corporation Ltd	1,25,71,005	20.00%	89,58,647	15.12%	66,33,502	20.00%

18.2 During the year the Company has issued Equity shares at a premium of Rs.170 each (face value Rs.10) aggregating to Rs 614,100,860 through preferential allotment

18.3 The shareholders of the Company have entered into a binding agreement as on March 16, 2019 with Olive Vine Investment Ltd for stake sale. Execution of the agreement is pending subject to regulatory approvals.

19.Other Equity

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Securities Premium	47,896.95	41,755.93	10,914.02
General Reserve	0.14	0.14	0.14
Statutory Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	915.88	370.49	165.59
Retained Earnings	2,679.87	504.71	-468.32
TOTAL	**51,492.84**	**42,631.27**	**10,611.43**

Note: For additions and deductions under each of the above heads, refer Statement of Changes in Equity

Securities premium
Securities premium account is used to record the premium on issue of shares.

General reserve
The general reserve created from time to time by transferring profits from retained earnings for appropriation purpose.

Statutory Reserve:
Statutory Reserve is the reserve created by transferring a sum not less than twenty percent of the Company's net profit after tax every year in terms of Section 45-IC of the RBI Act, 1934.

Retained earnings:
Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, statutory reserve, debenture redemption reserve, dividends or other distributions paid to shareholders.

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

20.Interest Income

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
On financial assets measured at amortised cost		
- Interest on Loans	40,153.49	20,006.26
- Interest on intercorporate deposits	245.75	-
- Net gain (excess interest spread) on derecognition of financial instruments measured at amortised cost (realised)	106.52	-
Total	**40,505.76**	**20,006.26**

21.Fees and Commission income

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Forex Commission	366.32	195.53
Insurance commission	178.47	58.23
Loan processing fee and other charges	160.27	37.69
Total	**705.06**	**291.45**

22.Other Operating income

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Prepayment & other charges	102.53	117.59
Total	**102.53**	**117.59**

23.Other Income

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on fair value changes (realised)	535.91	259.53
Interest Income on fixed deposit	171.44	5.73
Miscellaneous income	11.12	57.89
Write back of excess provisions	-	44.70
Total	**718.47**	**367.85**

24.Finance costs

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	16,718.47	9,107.24
Interest on debt securities	6,068.35	2,707.14
Other interest expense	1,228.41	248.29
Total	**24,015.23**	**12,062.67**

25.Impairment of financial instruments

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
On financial assets measured at amortised cost		
Provision for expected credit loss	679.74	458.07
Total	**679.74**	**458.07**

26.Employee benefits expense

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, Bonus and other allowances	7,081.64	2,594.76
Contribution to Provident Fund and Other Funds (refer note 34)	213.79	115.56
Gratuity (refer note 34)	49.77	25.85
Staff Welfare Expenses	171.12	172.60
Total	**7,516.32**	**2,908.77**

27.Other expenses

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Electricity Charges	55.09	41.13
Security Charges	20.11	6.60
Manpower Outsourcing	753.98	541.24
Rent	817.91	451.89
Office Maintenance	43.39	60.93
Insurance Charges	71.84	48.25
Rates and Taxes	195.72	430.80
Housekeeping Expenses	50.16	27.15
Business Sourcing Expenses	490.75	273.35
Travelling and Conveyance	435.86	275.00
Rating Fees	167.58	137.67
Printing and Stationery	57.96	47.42
Postage, Telephone and Fax	82.11	56.74
Advertising	554.00	430.31
Bank Charges	17.25	4.41
Director's Sitting Fees	8.80	2.05
Legal & Professional Expenses	1,183.73	555.52
Auditors' Remuneration (refer note below)	28.86	15.09
Write Offs	22.23	0.01
Corporate Social Responsibilty expenses (refer note 33)	16.00	2.25
Miscellaneous Expenses	194.61	63.75
Total	**5,267.94**	**3,471.56**

Payments to joint auditors (including Goods and Services Tax to the extent of credit not availed)

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) For audit	23.00	8.50
b) For taxation matters	1.50	0.75
c) For other services (limited review)	4.36	4.91
d) For reimbursement of expenses	-	0.93
Total	**28.86**	**15.09**

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

28 Reconciliation of total tax charge

28.1

(Rs. in Lacs)

Particulars	For The Year Ended March 31, 2019	For The Year Ended March 31, 2018
Current tax	1,613.58	770.72
Deferred tax	(191.83)	(156.42)
Total income tax expenses recognised in the current year	**1,421.75**	**614.30**
Income tax expense recognised in other comprehensive income	(3.45)	(4.14)
Income tax expense for the year reconciled to the accounting profit:		
Profit before tax	4,148.72	1,799.94
Income tax rate	34.94%	33.99%
Income tax expense	1,449.73	611.80
Tax Effect of:		
Others (including tax adjustment for earlier years)	(27.98)	2.50
Income tax expense recognised in Profit and Loss	**1,421.75**	**614.30**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

For the year ended March 31, 2019 **(Rs. in Lacs)**

28.2

Deferred tax asset / (liability)	Opening balances as on 01.04.2018	Recognised in profit or loss (Expense) / Income	Recognised in other comprehensive income	Closing balances as on 31.03.2019
Impairment of Financial instruments	327.38	237.53	-	564.91
Measurement of Financial instruments at amortised cost	38.86	(113.43)	-	(74.57)
Disallowances under section 43B of the Income Tax Act, 1961	-	103.80	-	103.80
Difference between books and tax written down value of fixed assets	(14.32)	(36.07)	3.45	(46.94)
Total	**351.92**	**191.83**	**3.45**	**547.20**

For the year ended March 31, 2018 **(Rs. in Lacs)**

28.3

Deferred tax asset / (liability)	Opening balances as on 01.04.2017	Recognised in profit or loss (Expense) / Income	Recognised in other comprehensive income	Closing balances as on 31.03.2018
Impairment of Financial instruments	181.30	146.08	-	327.38
Measurement of Financial instruments at amortised cost	(9.24)	48.10	-	38.86
Disallowances under section 43B of the Income Tax Act, 1961	23.99	(23.99)	-	-
Difference between books and tax written down value of fixed assets	(4.69)	(13.77)	4.14	(14.32)
Total	**191.36**	**156.42**	**4.14**	**351.92**

AVANSE FINANCIAL SERVICES LIMITED

Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
29	**Contingent Liabilities And Commitments**			
	Contingent Liabilities	-	-	-
	Capital Commitments:			
	Undisbursed commitments	10,287.02	18,465.00	20,679.90
	Estimated amount of contracts remaining to be executed on capital account and not provided for	-	423.44	3.30

30	Earning Per Equity Share	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
	Profit attributable to equity share holders (Rs. in Lacs)	2,726.97	1,185.64
	Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (Nos.)	6,20,03,888	4,15,83,989
	Basic and diluted earnings per share (Rs.)	4.40	2.85
	Nominal value per share (Rs.)	10.00	10.00

31 Leasing

The Company has taken certain premises on non-cancellable operating lease basis. The tenure of agreements are executed for the period ranging from 36 months to 120 months with a non-cancellable period at the beginning of the agreement range for 12 months to 60 months and having a renewable clause.

The future minimum rental payments in respect of non-cancellable lease for premises are as follows:

(Rs. in Lacs)

Due	Total minimum lease payments outstanding as at 31st March, 2019	Total minimum lease payments outstanding as at 31st March, 2018	Total minimum lease payments outstanding as at 31st March, 2017
Not later than one year	143.78	395.07	116.00
Later than one year and not later than five years	119.73	1,125.90	189.76
Later than five years	-	-	-
Total	**263.51**	**1,520.97**	**305.76**

Lease payments recognised in the Statement of Profit and Loss for the current year are Rs. 267.58 lacs (P.Y. 2017-18 : Rs. 248.22 lacs and P.Y. 2016-17 : Rs.117.36 lacs) excluding GST and Service tax.

32 Segment Reporting

The Company operates in a single reportable operating segment of providing loans. Accordingly there are no separate reportable segments, as per the Accounting Standard on 'Operating Segments' (Ind AS 108) prescribed under section 133 of the Companies Act, 2013.

The Company has its operation within India and all revenues are generated within India.

33 Expenditure towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 (read with schedule VII thereof)

a Gross amount required to be spent by the Company during the year – Rs. 16.00 lacs (Previous Year, Rs. 2.25 lacs)

b Amount spent and paid during the year by way of donations to Charitable Trust– Rs. 16.00 lacs (Previous Year, Rs. 2.25 lacs)

34 Employee Benefit:

Defined contribution plan

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

The Company's contribution to Provident Fund aggregating Rs.202.71 lacs (Previous Year: Rs.107.15 lacs) has been recognised in the Statement of Profit and Loss under the head Employees benefit expenses.

Defined benefit obligation plan

The liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. The actuarial risks associated are:

Investment / Interest Rate Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

Longevity Risks:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

Salary Risks:

The gratuity benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

a) The assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Significant assumptions			
Discount rate	6.94%	7.42%	7.31%
Expected rate of salary increase	9.00%	8.00%	8.00%
Other assumption			
Mortality rate	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

b) Amount recognised in Balance sheet in respect of these defined benefit obligation

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Present value of defined benefit obligation	98.16	44.53	42.15
Fair value of plan assets	45.76	45.59	-
Net liability	**52.40**	**(1.06)**	**42.15**

c) Amount recognised in statement of profit and loss in respect of these defined benefit obligation:

(Rs. in Lacs)

Particulars	For The Year Ended March 31, 2019	For The Year Ended March 31, 2018
Current service cost	49.48	25.19
Net interest cost	0.03	0.58
Past service cost	0.26	0.09
Total amount recognised in statement of profit and loss	**49.77**	**25.86**
Remeasurements on the net defined benefit liability :		
- Actuarial (gain) / loss	9.87	11.85
Total amount recognised in other comprehensive income	**9.87**	**11.85**
Total	**59.64**	**37.71**

The current service cost and the net interest expense for the year are included in the 'Employee benefit expense' line item in the statement of profit and loss.

d) Movement in the present value of the defined benefit obligation are as follows:

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Opening defined benefit obligation	44.53	42.15	17.17
Current service cost	49.48	25.19	10.77
Past service cost	0.26	0.09	-
Interest cost	0.03	0.58	1.28
Remeasurements (gains)/losses:			
- Actuarial gain from change in demographic assumptions	(43.03)	-	-
- Actuarial loss from change in financial assumptions	23.55	(0.64)	17.62
- Actuarial gain from change in experience adjustments	25.92	12.50	(4.69)
Benefits paid	(2.59)	(35.31)	-
Closing defined benefit obligation	**98.16**	**44.53**	**42.15**

e) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are as follows :

(Rs. in Lacs)

	31st March 2019		31st March 2018	
Particulars	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Defined benefit obligation on increase in 100 bps	90.69	105.69	39.21	50.63
Impact of increase in 100 bps on DBO	-7.61%	7.67%	-11.95%	13.70%
Defined benefit obligation on decrease in 100 bps	106.61	91.29	50.89	39.32
Impact of decrease in 100 bps on DBO	8.61%	-7.00%	14.28%	-11.69%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to note (a) above.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

f) Projected benefits payable:

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Expected benefits for year 1	2.44	0.60
Expected benefits for year 2	2.84	0.81
Expected benefits for year 3	5.15	0.95
Expected benefits for year 4	11.25	1.78
Expected benefits for year 5	14.92	3.29
Expected benefits for year 6 to 10	60.07	17.30

The weighted average duration to the payment of these cash flows is 5.34 years (FY2017-18 : 11.41 years)

35 **Related Party Disclosure:**
Names of related parties and description of Relationship

(i) **Investing Parties**
Dewan Housing Finance Corporation Limited
Wadhawan Global Capital Limited

(ii) **Individual exercising control or significant influence**
Mr. Kapil Wadhawan

(iii) **Enterprises over which person described in (ii) above has significant influence where transactions have taken place**
Dewan Housing Finance Corporation Limited
DHFL Pramerica Life Insurance Company Limited
DHFL Pramerica Asset Managers Private Limited
DHFL General Insurance Limited
Andromeda Sales And Distribution Private Limited

(iv) **Board of Directors**
Mr. Kapil Wadhawan - Non executive chairman
Mr. Suresh Mahalingam - Non executive director
Mr. Mahendra Kumar Chouhan - Independent director
Mr. Suresh Kumar Jain - Independent director
Mrs. Savita Mahajan - Independent director (appointed w.e.f. December 01, 2018)
Mr. Anoop Pabby - Non executive director (resigned w.e.f. November 02, 2018)

Key Management Personnel
Mr. Amit Gainda

(v) **Details of transactions with related parties**

(Rs. in Lacs)

Name of the related party	March 31, 2019	March 31, 2018
Dewan Housing Finance Corporation Limited		
Rent & office maintenance	505.97	307.11
IT Support charges	188.72	-
Legal & technical charges	5.32	25.04
Purchase of fixed assets	143.96	-
Commission received	15.14	33.82
DHFL Pramerica Asset Managers Private Limited		
Purchase of investments	47,300.00	77,340.00
Sale of investments	47,443.66	77,442.48
DHFL Pramerica Life Insurance Company Limited		
Commission/fee income	174.53	100.69
Insurance premium paid for employees	-	4.45
DHFL General Insurance Limited		
Commission/fee income	1.96	-
Andromeda Sales And Distribution Private Limited		
DSA commission	74.50	-
Key Management Personnel (KMP) *		
Remuneration		
Amit Gainda	912.08	177.60
Sitting Fees		
Mahendra Kumar Chouhan	4.40	1.45
Suresh Kumar Jain	4.10	0.60
Savita Mahajan	0.30	-

** Remuneration of KMP of FY 2018-19 includes one time retention pay and variable pay*

(Rs. in Lacs)

Balances as at	March 31, 2019	March 31, 2018	March 31, 2017
Dewan Housing Finance Corporation Limited			
Security deposit	207.77	207.77	0.29
Commission receivable	-	-	0.29
Trade payable	163.06	-	-
DHFL Pramerica Life Insurance Company Limited			
Security deposit	-	-	3.30
Insurance commission receivable	9.42	118.81	-
DHFL General Insurance Limited			
Insurance commission receivable	0.75	-	-

35.1 There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.
35.2 The transactions disclosed above are exclusive of GST.

AVANSE FINANCIAL SERVICES LIMITED

Notes to financial statement for the year ended March 31, 2019

36 **Maturity Analysis of Assets and Liabilities**

(Rs. in Lacs)

Sr. No.	Assets	March 31, 2019 Within 12 months	March 31, 2019 After 12 months	March 31, 2019 Total	March 31, 2018 Within 12 months	March 31, 2018 After 12 months	March 31, 2018 Total	April 01, 2017 Within 12 months	April 01, 2017 After 12 months	April 01, 2017 Total
(1)	**Financial Assets**									
(a)	Cash and cash equivalents	14,347.65	-	14,347.65	23,881.55	-	23,881.55	6,475.68	-	6,475.68
(b)	Bank balances other than (a) above	2,505.00	670.97	3,175.97	-	434.00	434.00	-	-	-
(c)	Loans	66,309.53	2,27,697.47	2,94,007.00	40,657.39	1,80,443.27	2,21,100.66	15,304.69	82,741.52	98,046.21
(d)	Investments			-	-	-	-	-	-	-
(e)	Other financial assets	420.43	251.71	672.14	303.80	300.57	604.37	90.55	86.07	176.62
		83,582.61	**2,28,620.15**	**3,12,202.76**	**64,842.74**	**1,81,177.84**	**2,46,020.58**	**21,870.92**	**82,827.59**	**1,04,698.51**
(2)	**Non-financial Assets**									
(a)	Current tax assets (net)	-	152.72	152.72	-	115.41	115.41	-	103.14	103.14
(b)	Deferred tax assets (net)	-	547.20	547.20	-	351.92	351.92	-	191.36	191.36
(c)	Property, plant and equipment	-	309.66	309.66	-	149.31	149.31	-	111.06	111.06
(d)	Intangible assets under development	-	-	-	-	-	-	-	-	-
(e)	Other intangible assets	-	899.64	899.64	-	97.68	97.68	-	37.80	37.80
(f)	Other non-financial assets	296.51	65.50	362.01	403.88	0.95	404.83	84.73	1.42	86.15
		296.51	**1,974.72**	**2,271.23**	**403.88**	**715.27**	**1,119.15**	**84.73**	**444.78**	**529.51**
	Total	**83,879.12**	**2,30,594.87**	**3,14,473.99**	**65,246.62**	**1,81,893.11**	**2,47,139.73**	**21,955.65**	**83,272.37**	**1,05,228.02**
	LIABILITIES									
(1)	**Financial Liabilities**									
(a)	Trade payables	1,450.52	-	1,450.52	459.51	-	459.51	248.42	-	248.42
(b)	Debt securities	4,924.39	41,871.03	46,795.42	33,936.30	16,830.61	50,766.91	8,401.55	9,331.32	17,732.87
(c)	Borrowings (other than debt securities)	67,084.06	1,19,884.56	1,86,968.62	16,094.07	1,17,449.96	1,33,544.03	6,738.88	64,693.34	71,432.22
(d)	Other financial liabilities	10,474.70	10,268.72	20,743.42	4,484.81	9,142.55	13,627.36	1,674.14	-	1,674.14
	Total Financial Liabilities	**83,933.67**	**1,72,024.31**	**2,55,957.98**	**54,974.69**	**1,43,423.12**	**1,98,397.81**	**17,062.99**	**74,024.66**	**91,087.65**
(2)	**Non-Financial Liabilities**									
(a)	Current tax liabilities (net)	227.37	-	227.37	46.24	-	46.24	-	-	-
(b)	Provisions	26.11	202.62	228.73	-	-	-	12.48	151.56	164.04
(c)	Other non-financial liabilities	281.57	-	281.57	140.14	-	140.14	48.15	-	48.15
	Total Non-Financial Liabilities	**535.05**	**202.62**	**737.67**	**186.38**	**-**	**186.38**	**60.63**	**151.56**	**212.19**
	Total	**84,468.72**	**1,72,226.93**	**2,56,695.65**	**55,161.07**	**1,43,423.12**	**1,98,584.19**	**17,123.62**	**74,176.22**	**91,299.84**

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

37 First-time Ind AS adoption reconciliations

37.1 Reconciliation of total equity as at March 31, 2018 and April 01, 2017 and profit or loss for the year ended March 31, 2018:

Particulars	Note No.	Net profit Reconciliation	Equity Reconciliation	
		Year ended March 31, 2018	As at March 31, 2018	As at April 01, 2017
Net profit / equity as per previous GAAP		**1,024.52**	**48,499.00**	**14,025.05**
IndAS Adjustments:				
Effective interest rate for financial assets and liabilities at amortised cost	b & c	(137.63)	(111.20)	26.43
Reclassification of actuarial gains and losses on employee benefit plans to other comprehensive income	d	11.85	11.85	-
Provision for Expected Credit Loss	a	373.43	198.10	(175.33)
Deferred tax impact on above	e	(86.53)	(34.50)	52.03
Total		**161.12**	**64.25**	**(96.87)**
Net profit / Equity for the year as per Ind AS		**1,185.64**	**48,563.25**	**13,928.18**
Other comprehensive income (net of tax)		(7.71)	(7.71)	-
Total Comprehensive income / Equity as per Ind AS		**1,177.93**	**48,555.54**	**13,928.18**

37.2 Effect of Ind AS adoption on the Statement of Cash Flows for the year ended March 31, 2018:

(Rs. in Lacs)

Particulars	As per Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance sheet
Net cash flow from operating activities	(1,11,780.83)	0.00	(1,11,780.83)
Net cash flow (used in) investing activities	(354.74)	(0.00)	(354.74)
Net cash flow (used in) financing activities	1,29,541.44	(0.01)	1,29,541.43
Net (decrease) / increase in cash and cash equivalents	**17,405.87**	**(0.01)**	**17,405.86**
Cash and cash equivalents at the beginning of the year	6,475.68	(0.00)	6,475.68
Cash and cash equivalents at the end of the year	**23,881.55**	**(0.01)**	**23,881.54**

The cash flow adjustments are primarily on account of Ind AS reclassification.

Notes :

a Under previous GAAP, provision for standard assets / doubtful loans was calculated using incurred loss model. Under Ind AS, the provision on financial assets and commitments, are determined using the expected credit loss model.

b Under Previous GAAP, transaction costs on borrowings were charged to Statement of Profit and Loss as and when incurred. Under Ind AS, these costs are recognised in the Statement of Profit and Loss over the tenure of the borrowing as part of interest expense by applying effective interest rate method.

c Under previous GAAP, loans were carried at cost whereas under IND AS loans are measured based on entity’s business model for managing the financial assets and contractual cash flow characteristics of the financial asset. The loans that meet the business model and contractual cash flow tests are measured at amortised cost and interest income is recognised as per effective interest rate method.

d Under previous GAAP Company recognises actuarial gains/losses on defined benefit plan in the profit and loss account. Under IND AS, the actuarial gains and losses will be recognised in other comprehensive income as remeasurements.

e Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. It also includes impact of deferred tax arising on account of transition to IND AS.

38 Financial Instruments

38.1 Capital Management

The company manages its capital to ensure that the company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

For the purpose of the company's capital management, capital includes issued capital and other equity reserves. The primary objective of the company's Capital Management is to maximize shareholders value and minimise cost of capital. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company monitors capital using adjusted net debt (total borrowings net of cash and cash equivalents) to equity ratio.

(Rs. in Lacs)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Gross debt	2,33,764.04	1,84,310.94	89,165.09
Less:			
Cash and cash equivalents	14,347.65	23,881.55	6,475.68
Other bank deposits (other than on lien against securitised loan)	2,505.00	-	-
Adjusted net debt	**2,16,911.39**	**1,60,429.39**	**82,689.41**
Total equity	57,778.34	48,555.54	13,928.18
Adjusted net debt to equity ratio	**3.75**	**3.30**	**5.94**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in financial covenants would permit the lender to immediately call loans and borrowings.

The Company is subject to capital adequacy ratio ("CAR") requirements which are prescribed by the RBI. The Company is currently required to maintain a minimum 15% as prescribed under the prudential norms of the RBI under the Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 based on the total capital to risk weighted assets as part of the governance policy. We generally maintain capital adequacy higher than the statutorily prescribed CAR. The capital adequacy ratio, which was computed on the basis of the applicable RBI requirements, is as per note 39.1. We believe that our high capital adequacy gives us significant headroom to grow our business.

38.2 Fair Value

The following table combines comparable information about:
- classes of financial instruments based on their nature and characteristics
- the carrying amounts of financial instruments
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed

Accounting classifications and fair values

(Rs. in Lacs)

	Carrying Value			Fair Value			
As at March 31, 2019	**FVTPL**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Cash and cash equivalents	-	14,347.65	14,347.65	-	-	-	-
Other bank balances	-	3,175.97	3,175.97	-	-	-	-
Loans	-	2,94,007.00	2,94,007.00	-	-	-	-
Other financial assets	-	672.14	672.14	-	-	-	-
Total	-	3,12,202.76	3,12,202.76	-	-	-	-
Financial liabilities							
Trade payables	-	1,450.52	1,450.52	-	-	-	-
Debt securities	-	46,795.42	46,795.42	-	Note (b)	-	-
Borrowings (other than debt securities)	-	1,86,968.62	1,86,968.62	-	-	-	-
Other financial liabilities	-	20,743.42	20,743.42	-	-	-	-
Total	-	2,55,957.98	2,55,957.98	-	-	-	-

	Carrying Value			Fair Value			
As at March 31, 2018	**FVTPL**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Cash and cash equivalents	-	23,881.55	23,881.55	-	-	-	-
Other bank balances	-	434.00	434.00	-	-	-	-
Loans	-	2,21,100.66	2,21,100.66	-	-	-	-
Other financial assets	-	604.37	604.37	-	-	-	-
Total	-	2,46,020.58	2,46,020.58	-	-	-	-
Financial liabilities							
Trade payables	-	459.51	459.51	-	-	-	-
Debt securities	-	50,766.91	50,766.91	-	Note (b)	-	-
Borrowings (other than debt securities)	-	1,33,544.03	1,33,544.03	-	-	-	-
Other financial liabilities	-	13,627.36	13,627.36	-	-	-	-
Total	-	1,98,397.81	1,98,397.81	-	-	-	-

	Carrying Value			Fair Value			
As at March 31, 2017	**FVTPL**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Cash and cash equivalents	-	6,475.68	6,475.68	-	-	-	-
Other bank balances	-	-	-	-	-	-	-
Loans	-	98,046.21	98,046.21	-	-	-	-
Other financial assets	-	176.62	176.62	-	-	-	-
Total	-	1,04,698.51	1,04,698.51	-	-	-	-
Financial liabilities							
Trade payables	-	248.42	248.42	-	-	-	-
Debt securities	-	17,732.87	17,732.87	-	Note (b)	-	-
Borrowings (other than debt securities)	-	71,432.22	71,432.22	-	-	-	-
Other financial liabilities	-	1,674.14	1,674.14	-	-	-	-
Total	-	91,087.65	91,087.65	-	-	-	-

Notes:

a) All loans are floating interest bearing thus, amortised costs equals their fair value

b) For financial assets and liabilities measured at amortised cost other than as mentioned in (a) above, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values except as under:

(Rs. in Lacs)

Fixed rate debt securities	Carrying Value			Fair Value		
	March 31, 2019	**March 31, 2018**	**April 1, 2017**	**March 31, 2019**	**March 31, 2018**	**April 1, 2017**
Debt securities other than short term debt	27,000.00	22,000.00	14,500.00	26,792.23	21,742.61	14,449.08

Note: Fair value is determined by discounting the contractual cashflows using current market interest rate.

38.3 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Operational risk ;
- Liquidity risk ; and
- Market risk (including interest rate risk)

Risk management framework

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to several risks related to the lending business and operating environment. The Company has established risk management and audit frameworks to identify, assess, monitor and manage various types of internal and external risks. This framework is driven by the Board through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, identification, monitoring and providing oversight on management of risk of the Company.

i) Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk management structure includes separate credit policies and procedures for various businesses. The credit policies outline the type of products that can be offered, customer categories, the targeted customer profile, prudential limits, exceptional approval metrics etc. and the credit approval process and limits. Credit approvers and relationship managers are responsible for ensuring adherence to these policies.

The Company has structured and standardized credit approval processes which include comprehensive credit risk assessment encompassing analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower. The credit appraisal process includes identification of underlying risks, mitigating factors and residual risks associated with the customer.

Sanctioning authority for credit exposures are based on defined Delegation of Credit Authority. The delegated powers are based on a Committee approach. For cases sanctioned as per delegation of authority, after completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

The Company measures, monitors and manages credit risk at an individual borrower level and at the portfolio level for non-retail borrowers. The credit risk for retail borrowers is managed at the portfolio level. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Stage 1	High quality assets	Education Loans: Average ECL of Year 1 & 2 Education Institution Loans: A rated borrowers - ECL for Year 1; BBB and B rated borrowers - average of Year 2 & 3 SME – Lifetime ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL - Credit impaired

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on historical behaviour of the book & roll rates for retail and comparative external ratings for commercial finance.

EAD – The estimated credit exposure at point of default

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on valuation of collaterals and other relevant factors.

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

(Rs. in Lacs)

		As at March 31, 2019			
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**	**PD**
Stage 1 – High quality assets	Loan	2,93,773.85	1,281.28	2,92,492.57	0.18% to 7.93%
Stage 2 – Assets for which there is significant increase in credit risk	Loan	1,451.13	82.58	1,368.55	0.78% to 50.28%
Stage 3 - Credit impaired assets	Loan	478.71	332.82	145.89	Refer note below
Total		**2,95,703.69**	**1,696.69**	**2,94,007.00**	

(Rs. in Lacs)

Category	Assets category	As at March 31, 2018			
		Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount	PD
Stage 1 – High quality assets	Loan	2,21,778.31	864.02	2,20,914.29	0.18% to 7.93%
Stage 2 – Assets for which there is significant increase in credit risk	Loan	136.46	0.79	135.67	0.0078
Stage 3 - Credit impaired assets	Loan	202.83	152.13	50.70	Refer note below
Total		**2,22,117.60**	**1,016.94**	**2,21,100.66**	

(Rs. in Lacs)

Category	Assets category	As at March 31, 2017			
		Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount	PD
Stage 1 – High quality assets	Loan	97,840.81	345.81	97,495.00	0.18% to 3.84%
Stage 2 – Assets for which there is significant increase in credit risk	Loan	482.57	1.78	480.79	0.0078
Stage 3 - Credit impaired assets	Loan	281.70	211.28	70.42	Refer note below
Total		**98,605.08**	**558.87**	**98,046.21**	

Note: For cases in Stage-3 PD is 100%. The Company has used discounted cashflow methodology to determine provision for significantly impaired assets.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

(Rs. in Lacs)

FY 2018-19	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,21,778.31	136.47	202.83	**2,22,117.61**
New assets originated or purchased	1,50,879.22	-	-	**1,50,879.22**
Assets derecognised or repaid (excluding write offs)	(76,895.64)	(372.59)	(24.90)	**(77,293.14)**
Transfers to Stage 1	94.82	(52.85)	(41.98)	**-**
Transfers to Stage 2	(1,755.84)	1,784.25	(28.41)	**0.00**
Transfers to Stage 3	(327.02)	(44.15)	371.17	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Gross carrying amount closing balance	**2,93,773.85**	**1,451.13**	**478.71**	**2,95,703.69**

(Rs. in Lacs)

FY 2017-18	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	97,840.81	482.58	281.70	**98,605.08**
New assets originated or purchased	1,55,054.58	-	-	**1,55,054.58**
Assets derecognised or repaid (excluding write offs)	(31,128.91)	(363.82)	(49.31)	**(31,542.05)**
Transfers to Stage 1	164.26	(85.40)	(78.86)	**-**
Transfers to Stage 2	(62.42)	103.79	(41.37)	**-**
Transfers to Stage 3	(90.01)	(0.67)	90.68	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Gross carrying amount closing balance	**2,21,778.31**	**136.47**	**202.83**	**2,22,117.61**

AVANSE FINANCIAL SERVICES LIMITED

Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

FY 2018-19	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	864.02	0.80	152.13	**1,016.94**
New assets originated or purchased	783.42	-	-	**783.42**
Assets derecognised or repaid (excluding write offs)	(352.54)	(0.96)	(17.74)	**(371.24)**
Transfers to Stage 1	0.23	(0.31)	(31.48)	**(31.56)**
Transfers to Stage 2	(10.31)	83.32	(21.31)	**51.70**
Transfers to Stage 3	(3.54)	(0.26)	251.23	**247.43**
"Impact on year end ECL of exposures transferred between stages during the year	**1,281.28**	**82.58**	**332.82**	**1,696.69**
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance - closing balance	**1,281.28**	**82.58**	**332.82**	**1,696.69**

(Rs. in Lacs)

FY 2017-18	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	345.82	1.78	211.27	**558.88**
New assets originated or purchased	596.98	-	-	**596.98**
Assets derecognised or repaid (excluding write offs)	(78.81)	(1.09)	(36.98)	**(116.87)**
Transfers to Stage 1	0.40	(0.50)	(59.14)	**(59.24)**
Transfers to Stage 2	(0.15)	0.61	(31.03)	**(30.58)**
Transfers to Stage 3	(0.22)	(0.00)	68.01	**67.78**
Impact on year end ECL of exposures transferred between stages during the year	**864.02**	**0.80**	**152.13**	**1,016.94**
Unwind of discount		-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance - closing balance	**864.02**	**0.80**	**152.13**	**1,016.94**

ii) **Operational risk**

Operational risk is the risk of loss resulting from inadequate internal processes, people or systems, fraud, or from external events. The Company's focuses on management and control of operational risks through a comprehensive system of internal controls and monitoring performance of each function against defined thresholds

Operational risk management comprises identification and assessment of risks and controls, new products and process approval framework, measurement through operational risk incidents, monitoring through key risk indicators and mitigation through process and control enhancement.

iii) **Liquidity risk**

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

We manage liquidity risk in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The Company has undrawn lines of credit of Rs. 16,400.00 lacs, Rs.9,000 lacs and Rs.1,000 lacs as of March 31, 2019, March 31, 2018 and April 01, 2017 respectively, from its bankers for working capital requirements.

The Company has the right to draw upon these lines of credit based on its requirement and terms of draw down.

Exposure to liquidity risk

The following are the details of Company's remaining contractual maturities of financial liabilities and assets at the reporting date. The amounts are gross and undiscounted.

(Rs. in Lacs)

		Contractual cash flows			
March 31, 2019	**Carrying amount**	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Trade payables	1,450.52	1,450.52	-	-	-
Debt securities	46,795.42	4,924.39	28,398.44	3,458.30	10,014.29
Borrowings (other than debt securities)	1,86,968.62	67,084.06	65,254.72	43,138.77	11,491.07
Other financial liabilities	20,743.42	10,474.70	4,523.28	4,434.11	1,311.33
Total	**2,55,957.98**	**83,933.67**	**98,176.44**	**51,031.18**	**22,816.69**
Financial Assets					
Cash and cash equivalents	14,347.65	14,347.65	-	-	-
Other bank balances	3,175.97	2,505.00	670.97	-	-
Loans	2,94,007.00	66,309.53	1,02,974.35	1,05,871.19	18,851.92
Investments	-				
Other financial assets	672.14	420.43	92.59	16.50	142.63
Total	**3,12,202.76**	**83,582.61**	**1,03,737.91**	**1,05,887.69**	**18,994.55**

(Rs. in Lacs)

		Contractual cash flows			
March 31, 2018	**Carrying amount**	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Trade payables	459.51	459.51	-	-	-
Debt securities	50,766.91	33,936.30	3,448.01	957.37	12,425.24
Borrowings (other than debt securities)	1,33,544.03	16,094.07	48,655.18	46,150.76	22,644.03
Other financial liabilities	13,627.36	4,484.81	2,906.12	2,847.07	3,389.35
Total	**1,98,397.81**	**54,974.69**	**55,009.30**	**49,955.19**	**38,458.63**
Financial Assets					
Cash and cash equivalents	23,881.55	23,881.55	-	-	-
Other bank balances	434.00	-	434.00	-	-
Loans	2,21,100.66	40,657.39	75,306.88	80,889.51	24,246.88
Investments	-	-	-	-	-
Other financial assets	604.37	303.80	18.82	243.77	37.99
Total	**2,46,020.58**	**64,842.74**	**75,759.70**	**81,133.28**	**24,284.87**

(Rs. in Lacs)

April 01, 2017	Carrying amount	Contractual cash flows 0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Trade payables	248.42	248.42	-	-	-
Debt securities	17,732.87	8,401.55	(86.94)	952.03	8,466.23
Borrowings (other than debt securities)	71,432.22	6,738.88	25,901.83	27,016.22	11,775.30
Other financial liabilities	1,674.14	1,674.14	-	-	-
Total	**91,087.65**	**17,062.99**	**25,814.89**	**27,968.25**	**20,241.53**
Financial Assets					
Cash and cash equivalents	6,475.68	6,475.68	-	-	-
Other bank balances	-	-	-	-	-
Loans	98,046.21	15,304.69	37,625.01	43,246.20	1,870.31
Investments	-	-	-	-	-
Other financial assets	176.62	90.55	25.29	33.60	27.17
Total	**1,04,698.51**	**21,870.92**	**37,650.30**	**43,279.80**	**1,897.48**

The gross inflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv) **Market risk (interest risk)**

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

Exposure to interest rate risk

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(Rs. in Lacs)

	March 31, 2019	March 31, 2018	April 1, 2017
Financial assets			
Fixed-rate instruments	-	-	-
Floating-rate instruments	2,94,007.00	2,21,100.66	98,046.21
Total	**2,94,007.00**	**2,21,100.66**	**98,046.21**
Financial liabilities			
Fixed-rate instruments	44,394.25	50,766.91	17,732.87
Floating-rate instruments	1,89,369.79	1,33,544.03	71,432.22
Total	**2,33,764.04**	**1,84,310.94**	**89,165.09**

Fair value sensitivity analysis for Floating-rate instruments

The sensitivity analysis below have been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were constant, the Company's profit before tax would have changed by the following:

Particulars	March 31, 2019		March 31, 2018	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans	2,940.07	(2,940.07)	2,211.01	(2,211.01)
Floating rate borrowings	(1,893.70)	1,893.70	(1,335.44)	1,335.44
	1,046.37	**(1,046.37)**	**875.57**	**(875.57)**

AVANSE FINANCIAL SERVICES LIMITED

Notes to financial statement for the year ended March 31, 2019

The below disclosures required pursuant to the RBI master directions and circulars are prepared after giving effect required to comply with the extant provisions of Reserve Bank of India directions including framework on Prudential Norms and other related circulars

(Rs. in Lacs)

39 Corporate Governance and Disclosure Norms for NBFCs:
(As stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014)

39.1 Capital Risk Adequacy Ratio (CRAR):

Particulars	As at March 31, 2019	As at March 31, 2018
CRAR (%)	**21.97%**	**25.71%**
CRAR - Tier I capital (%)	18.90%	21.73%
CRAR - Tier II capital (%)	3.07%	3.98%
Amount of subordinated debt raised as Tier-II capital	7,500.00	7,500.00
Amount raised by issue of Perpetual Debt instruments	-	-

39.2 Exposures:

I	**Exposure to Real Estate**		
a)	**Direct Exposure**		
(i)	**Residential Mortgages-**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	44,908.52	42,300.16
(ii)	**Commercial Real Estate-**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	87,332.70	53,070.91
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures-**		
	a) Residential,	-	-
	b) Commercial Real Estate.	-	-
b)	**Indirect Exposure**		
	Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	Total Exposure to Real Estate	**1,32,241.22**	**95,371.07**
II	**Exposure to Capital Market**		
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	**-**	**-**
III	**Details of financing of parent company products**	Nil	Nil
IV	**Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**	Nil	Nil
V	**Unsecured Advances**		
	Amount of advances given against intangible securities	Nil	Nil

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

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

(Rs. in Lacs)

Particulars	upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	4,078.00	650.00	3,028.00	6,928.00	12,745.00	60,511.00	38,670.00	11,575.00	1,38,185.00
	(3,000.00)	(400.00)	(2,115.68)	(3,140.68)	(7,610.90)	(45,924.33)	(43,286.75)	(21,176.16)	(1,26,654.50)
Market Borrowings	22,569.00	70.00	15,071.00	5,215.00	1,946.00	33,516.00	8,077.00	10,000.00	96,464.00
	(5,986.68)	(22,129.33)	(4,895.49)	(959.98)	0.00	(6,500.00)	(5,000.00)	(13,000.00)	(58,471.48)
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Assets									
Advances	5,009.95	5,100.79	5,081.33	15,578.82	28,714.63	97,411.23	98,292.34	11,677.56	2,66,866.65
	(1,664.49)	(1,693.64)	(1,737.36)	(5,582.91)	(12,240.50)	(38,715.19)	(43,787.86)	(1,03,159.53)	(2,08,581.48)
Deposits	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments		-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(Previous years figures are denoted in brackets).

Notes:

a) Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.

b) The above statement includes only certain items of assets and liabilities (as stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014) and therefore does not reflect the complete asset liability maturity pattern of the Company.

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

39.4	Particulars		
	Liabilities side	**Amount outstanding**	**Amount overdue**
(I)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	(i) Secured	42,149.70	-
		(15,078.19)	(-)
	(ii) Unsecured (other than falling within the meaning of public deposits)	7,750.93	-
		(7,750.93)	(-)
(b)	Deferred Credits	-	-
		(-)	(-)
(c)	Term Loans	1,61,981.47	-
		(1,34,154.50)	(-)
(d)	Inter-corporate loans and borrowing	23,641.18	-
		(-)	(-)
(e)	Commercial Paper (net of unamortised discount)	-	-
		(28,971.49)	(-)
(f)	Other Loans (Please Specify)		
	Overdraft Accounts	2,250.00	-
		(-)	(-)
	Cash Credits	1,202.69	-
		(-)	(-)

	Assets side	**Amount outstanding**
(II)	**Break up of Loans and Advances including bills receivables (other than those included in (IV) below):**	
(a)	Secured	1,54,266.04
		(1,25,214.16)
(b)	Unsecured	1,17,600.61
		(83,367.32)
(III)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:**	
(a)	Lease assets including lease rentals under sundry debtors:	
	(i) Financial Lease	-
		(-)
	(ii) Operating Lease	-
		(-)
(b)	Stock on hire including hire charges under sundry debtors:	-
	(i) Assets on hire	(-)
		-
	(ii) Repossessed Assets	(-)
		-
(c)	Other loans counting towards AFC activities:	(-)
	(i) Loans where assets have been repossessed	-
		(-)
	(ii) Loans other than (a) above	-
		(-)
(IV)	**Break – up of Investments:**	
(a)	Current Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others (Please Specify)	
		-
		(-)

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

	2. Unquoted:	-
	(i) Shares:	(-)
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others (Please Specify)	-
		(-)
(b)	Long Term Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others (Please Specify)	-
		(-)
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others (Investment for securitisation)	1,292.48
		(867.71)

(V)	**Borrower group – wise classification of assets financed as in (II) and (III) above:**			**(Rs in lacs)**
		Amount net of provisions		
	Category	**Secured**	**Unsecured**	**Total**
(a)	Related Parties			
	(i) Subsidiaries	-	-	-
		(-)	(-)	(-)
	(ii) Companies in the same group	-	-	-
		(-)	(-)	(-)
	(iii) Other related parties	-	-	-
		(-)	(-)	(-)
(b)	Other than related parties	1,54,266.04	1,17,600.61	2,71,866.65
		(1,25,214.16)	(83,367.32)	(2,08,581.48)
		1,54,266.04	**1,17,600.61**	**2,71,866.65**
		(1,25,214.16)	(83,367.32)	(2,08,581.48)
	Less: Provision for non-performing assets	30.09	66.05	96.14
		(10.20)	(42.89)	(53.09)
	Total	**1,54,235.95**	**1,17,534.56**	**2,71,770.51**
		(1,25,203.96)	(83,324.43)	(2,08,528.39)

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

(VI)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**		
	Category	**Market Value/ Break-up or fair value or NAV**	**Book Value (Net of Provisions)**
(a)	Related Parties		
	(i) Subsidiaries	- (-)	- (-)
	(ii) Companies in the same group		
	(iii) Other related parties	- (-)	- (-)
(b)	Other than related parties	- (-)	- (-)
	Total	**-** -	**-** -

(VII)	**Other Information:**	
	Particulars	**Rs in lacs**
(a)	Gross Non – Performing Assets	
	(i) Related Parties	- (-)
	(ii) Other than related parties	478.71 (202.84)
(b)	Net Non – Performing Assets	
	(i) Related Parties	- (-)
	(ii) Other than related parties	382.57 (149.75)
(c)	Assets acquired in satisfaction of debt	- (-)

(Previous years figures are denoted in brackets)

39.5 Disclosure of information vide notification no. DBR.No.BP.BC.18/21.04.048/2018-19, dated January 01, 2019, regarding restructuring of loans in MSME sector as on March 31, 2019 :

No. of accounts restructured	4
Amount (Rupees in lacs)	111.70

39.6 Details of outstanding amount of securitised assets as per books of the SPVs sponsored by the Company and the total amount of exposures retained by the Company as on March 31, 2019 towards the Minimum Retention Requirements (MRR):

(Rs. in Lacs)

Sr.No.	**Particulars**	**As at March 31, 2019**	**As at March 31, 2018**
1	No of SPVs sponsored by the NBFC for securitisation transactions	2	1
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	**12,477.66**	**10,085.21**
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	1,687.35	1,084.86
a	Off balance sheet exposures		
	* First Loss		
	* Others		
b	On Balance sheet exposures	**1,687.35**	**1,084.86**
	* First Loss	670.97	434.00
	* Others	1,016.38	650.86
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss		
	* Others		
	ii) Exposure to third party securitisations		
	* First loss		
	* Others		
b	On Balance sheet exposures	**276.10**	**216.86**
	i) Exposure to own securitisations	**276.10**	**216.86**
	* First loss	276.10	216.86
	* Others		
	ii) Exposure to third party securitisations		
	* First loss		
	* Others		

39.7 Details of assignment transactions undertaken by NBFC:

(Rs. in Lacs)

Sr.No.	**Particulars**	**As at March 31, 2019**	**As at March 31, 2018**
1	No. of accounts	7	-
2	Aggregate value (net of provisions) of accounts sold	6,864.46	-
3	Aggregate consideration	5,998.01	-
4	Additional consideration realised in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

39.8 Investments

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	**Value of Investments**		
(i)	Gross Value of Investments		
	(a) in India	-	-
	(b) outside India	-	-
(ii)	Provision for depreciation		
	(a) in India	-	-
	(b) outside India	-	-
(iii)	Net Value of Investments		
	(a) in India	-	-
	(b) outside India	-	-
(b)	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balances	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

39.9 Additional & Miscellaneous Disclosures:

(I) Registration obtained from other financial sector regulators

Company has not registered with other financial sector regulators except with Reserve Bank of India

(II)	Disclosure of Penalties imposed by RBI and other regulators	Nil	Nil

(III) Ratings assigned by credit rating agencies and migration of ratings during the year:

FY 2018-19

Rating particulars	Rating Agency	Rating assigned
Short Term Debt Programme		
Commercial Paper	NA	NA
Long Term Debt Programme		
Non-Convertible Debentures	Brickwork Ratings India Pvt. Ltd.	BWR AA-(SO)
	CARE Limited	CARE A+(SO)
Loan Facility	CARE Limited	CARE A+(SO)

FY 2017-18

Rating particulars	Rating Agency	Rating assigned
Short Term Debt Programme		
Commercial Paper	CRISIL Limited	CRISIL A1+
	CARE Limited	CARE A1+
Long Term Debt Programme		
Non-Convertible Debentures	Brickwork Ratings India Pvt. Ltd.	BWR AA+(SO)
	CARE Limited	CARE AA+(SO)
Loan Facility	CARE Limited	CARE AA+(SO)

(IV) Net Profit or Loss for the period, prior period items and changes in accounting policies:

There are no prior period items and changes in accounting policies impacting net profit for the year.

(V) Revenue Recognition:

Revenue Recognition has not been postponed on account of pending resolution of significant uncertainties in respect of any revenue streams of the Company.

(VI) Provisions and Contingencies

(Rs in lacs)

Break up of 'Provisions and Contingencies' shown under the head expenses in the Statement of Profit and Loss	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Provisions for depreciation on Investment	-	-
Provision towards NPA	43.05	13.68
Provision made towards Income tax	1,613.58	770.72
Other Provision and Contingencies (with details)	-	-
Provision for standard assets	751.67	817.82

AVANSE FINANCIAL SERVICES LIMITED
Notes to financial statement for the year ended March 31, 2019

(Rs. in Lacs)

(VII) Draw Down from Reserves — Nil | Nil

(VIII) Concentration of Deposits, Advances, Exposures and NPAs

(a) **Concentration of Deposits (for deposit taking NBFCs)**

Total Deposits of twenty largest depositors (Rupees in Lacs)	NA	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA	NA

(b) **Concentration of Advances**

Total advances to twenty largest borrowers (Rupees in Lacs)	25,346.44	24,825.39
Percentage of advances to twenty largest borrowers to total advances of the NBFC	9.32%	11.90%

(c) **Concentration of Exposures**

Total exposure to twenty largest borrowers / customers (Rupees in Lacs)	28,214.79	26,470.31
Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	7.59%	10.16%

(d) **Concentration of NPAs**

Total exposure to top four NPA accounts (Rupees in Lacs)	146.38	147.69

(e) **Sector-wise NPAs**

Sector	**Percentage of NPAs to Total Advances in that sector**	**Percentage of NPAs to Total Advances in that sector**
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers		-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-
Education loans	0.10%	0.15%
Lending to small medium enterprises	0.08%	-

(Rs in lacs)

(IX)	**Movement of NPAs**	**As at March 31, 2019**	**As at March 31, 2018**
(i)	Net NPAs to Net Advances (%)	0.14%	0.07%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	202.84	281.70
	(b) Additions during the year	362.30	85.93
	(c) Reductions during the year	(86.43)	(164.79)
	(d) Closing balance	478.71	202.84
(iii)	Movement of Net NPAs		
	(a) Opening balance	149.75	242.29
	(b) Additions during the year	326.07	77.34
	(c) Reductions during the year	(93.25)	(169.88)
	(d) Closing balance	382.57	149.75
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	53.09	39.41
	(b) Provisions made during the year	43.05	13.68
	(c) Write-off / write-back of excess provisions	-	-
	(d) Closing balance	96.14	53.09

(Rs. in Lacs)

(X) Disclosure of Customers Complaints

Particulars	As at March 31, 2019	As at March 31, 2018
No. of complaints pending at the beginning of the year	2	2
No. of complaints received during the year	880	132
No. of complaints redressed during the year	882	132
No. of complaints pending at the end of the year	-	2

(XI) Disclosure in respect of derivatives, securitisation transactions, consolidated financial statements, overseas assets (for those with joint ventures and subsidiaries abroad), off balance sheet SPV's sponsored are not applicable for the year to the Company.

40 Unhedged Foreign Currency

Particulars	As at March 31, 2019	As at March 31, 2018
Foreign Currency Exposures (FCE) as on 31.03.2019	Nil	Nil
Total credit exposures (sanctioned) from banking system on 31.03.2019 (in foreign currency)	Nil	Nil

41 The financial statements were approved for issue by the Board of Directors on April 24, 2019

The accompanying notes form an integral part of the financial statements 1 to 41

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

For Avanse Financial Services Limited

G. K. Subramaniam
Partner
Membership No. 109839
Place : Mumbai
Date : April 24, 2019

Kapil Wadhawan
Director
DIN - 00028528

Suresh Mahalingam
Director
DIN - 01781730

For T R Chadha & Co LLP
Chartered Accountants
Registration No. 06711N/N500028

Amit Gainda
Chief Executive Officer

Rahul Bhapkar
Chief Financial Officer

Pramod Tilwani
Partner
Membership No. 076650

Place : Mumbai
Date : April 24, 2019

Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : April 24, 2019