

Through BSE's online portal for Corporate Compliances & Listing Centre

To,
The Manager
Listing Department
BSE Limited, P.J. Towers,
Dalal Street, Mumbai – 400 001

July 19, 2026

Dear Sir/Madam,

Sub: Annual Report for the Financial Year 2025-26 and Notice of the 33rd Annual General Meeting (“33rd AGM”) of Avanse Financial Services Limited (“Company”)

Dear Sir / Madam,

We wish to inform that the 33rd AGM of the Company is scheduled to be held on Tuesday, August 11, 2026 at 11:00 AM (Indian Standard Time) through Video Conferencing / Other Audio Visual Means to transact the businesses as listed in the Notice of the 33rd AGM.

In this connection and pursuant to Regulation 50(2)(a) and Regulation 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the notice convening the 33rd AGM and the Annual Report of the Company containing, *inter alia*, the standalone and consolidated audited financial statements for the financial year 2025-26, along with Board's Report on standalone financial statements, Auditors' Report and other documents required to be attached thereto.

The said notice and Annual Report are also available on the website of the Company at <https://www.avanse.com/investors>

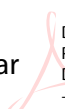
We request you to kindly take on your records the above.

Thanking you.

Yours faithfully,

For Avanse Financial Services Limited

Rajesh
Pravinkumar
Gandhi

 Digitally signed by Rajesh Pravinkumar Gandhi
Date: 2026.07.19 13:40:13
+05'30'

Rajesh Gandhi
Company Secretary
ICSI Membership No. A-19086

Copy to:
Catalyst Trusteeship Limited through e-mail at ComplianceCTL-Mumbai@ctltrustee.com

Encl.: AGM Notice and the Annual Report for FY2025-26

AVANSE FINANCIAL SERVICES LIMITED

Registered and Corporate Office: 4th Floor, E Wing, Times Square Building, Andheri Kurla Road,
Andheri (East), Mumbai – 400059, Maharashtra

Tel: +91 22 6859 9999 | Fax: +91 22 6859 9900 | Email: Companysecretary@avanse.com

CIN: U67120MH1992PLC068060 | Website: www.avanse.com

NOTICE

Notice is hereby given that the 33rd Annual General Meeting (“AGM” or “the Meeting”) of the Shareholders of Avanse Financial Services Limited (“the Company”) will be held on Tuesday, August 11, 2026 at 11.00 AM (Indian Standard Time) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the businesses mentioned hereinafter. This notice is to be read in conjunction with the Notes, explanatory statement and annexure which form part of this notice.

ORDINARY BUSINESS(ES):

1. To receive, consider and adopt:

- a. the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2026, together with the reports of the Board of Directors and Auditors’ thereon;
- b. The audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2026, together with the report of the Auditors’ thereon.

2. To appoint a director in place of Mr. Narendra Ostawal (DIN: 06530414) who retires by rotation and being eligible, offers himself for re-appointment

3. To appoint a director in place of Mr. Luca Molinari (DIN: 10615114) who retires by rotation and being eligible, offers himself for re-appointment

SPECIAL BUSINESS:

4. To approve the issue of Non-Convertible Debentures

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 23, 42, 71 of the Companies Act, 2013 read with read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, including any statutory modifications(s) or re-enactment thereof, for the time being in force (“the Act”), the relevant provisions of the Memorandum and Articles of Association of the Company and in accordance with the provisions of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (“the NCS Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“the Listing Regulations”), the applicable provisions of the Foreign Exchange Management Act, 1999,

(including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) (“**the FEMA**”) and any rules and / or regulations made thereunder, to the extent applicable, the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**GOI**”), and all other applicable statutes, laws, acts, rules, regulations, guidelines, notifications, circulars and clarifications, as amended from time to time, issued or promulgated by any legislative body, the GOI, the Ministry of Corporate Affairs (“**MCA**”), the Reserve Bank of India (“**RBI**”), SEBI, any stock exchange, where the Debentures (as defined hereunder) are listed or proposed to be listed and subject to requisite approvals, consents, permissions and/ or sanctions of regulatory and other appropriate authorities, as may be required and subject to such terms and conditions as may be prescribed by any of them while granting any such approvals, consents, permissions, and / or sanctions and which may be agreed to, by the Board of Directors of the Company (“hereinafter referred to as “**the Board**” which term shall be deemed to include the Committee of Executives of the Company or any other committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), approval of the shareholders of the Company be and is hereby accorded to create, offer, issue and allot, such number of Secured / Unsecured / Perpetual / Senior / Subordinated / Market Linked or such other form of Non-Convertible Debentures and / or Bonds (“**Debentures**”) at par, at premium or at such price as may be determined by the Board, as permitted under applicable law, in such manner and on such terms and conditions including but not limited to security, rate of interest, tenure, redemption etc., as may be deemed appropriate by the Board, in one or more tranches, for cash, for an aggregate amount upto Rs. 5,000 crores or equivalent thereof, by way of public issue, private placement or any combination thereof or by any other permissible mode, whether listed or unlisted to such person or persons including to resident Indians, non-resident Indians, foreign portfolio investors (“**FPIs**”), qualified institutional buyers (“**QIBs**”), venture capital funds, foreign venture capital investors, state industrial development corporations, insurance companies, provident funds, pension funds, financial institutions, development financial institutions, multilateral and bilateral financial institutions, banks, non-banking finance companies, bodies corporate, companies, private or public, or other entities, authorities or to any class of investors and to such other persons, (“**Investors**”), in one or more combinations thereof, at such price or prices subject to compliance with all applicable laws, through issue of placement document, prospectus (including but not limited to shelf prospectus, prospectus, tranche prospectus and abridged prospectus), letter of offer, any other permissible mode / requisite offer document including but not limited to any offering document, disclosure document, information memorandum, general information document, key information document or any other document (“**Disclosure Documents**”) or by way of any other mode as decided by the Board and on such terms and conditions as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment of the Debentures shall be made, considering the prevailing market conditions and other relevant factors (“**the Issue**”);

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary including delegation of any powers, and with further powers on behalf of the Company to settle questions, difficulties or doubts that may arise in this regard, without requiring the Board to secure any further consent or approval of the shareholders of the Company;

RESOLVED FURTHER THAT notwithstanding anything contained herein above but save as other provided in the fourth proviso to Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 concerning the offer or invitation of any securities to qualified institutional buyers, if and to the extent required under the applicable laws, these Resolutions shall come in to force if and only to the extent of the offer, issue and allotment of Debentures in excess of the borrowing limit approved by the Members of the Company, as specified in clause (c) of sub section (1) of Section 180 of the Act, from time to time ("**the Company's Borrowing Limit**") and shall not apply to the Issue of Debentures where the proposed amount to be raised through the Issue does not exceed the Company's Borrowing Limit."

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

Date : July 19, 2026
Place: Mumbai

Rajesh Gandhi
Company Secretary and Compliance Officer
ICSI Membership No.: A-19086



Notes for Shareholders' attention:

1. **Explanatory Statement:** Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) setting out material facts concerning Special Business (Item No. 4) to be transacted at the AGM is annexed hereto.
2. **Convening of AGM through VC / OAVM:** The Ministry of Corporate Affairs (“MCA”), vide its General Circular no. 03/2025 dated September 22, 2025 read with General Circular no. 20/2020 dated May 5, 2020 and other relevant circulars, clarifications and guidelines issued by MCA from time to time (collectively referred to as “MCA Circulars”), have permitted convening the AGM through VC or OAVM without physical presence of the Shareholders. In accordance with the MCA Circulars and applicable provisions of the Act, the AGM is being held through VC / OAVM.

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company situated at Times Square Building, E Wing, 4th Floor, Opposite Mittal Industrial Estate, Gamdevi, Andheri-Kurla Road, Marol, Andheri (East), Mumbai 400059, Maharashtra, which shall be deemed venue of the AGM.

Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.

3. **Quorum:** Pursuant to the MCA Circulars, physical attendance of the Shareholders will not be required at the AGM, and attendance of the Shareholders through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. **Proxy:** Generally, a Shareholder entitled to attend and vote at a general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Shareholders has been dispensed with. Accordingly, the facility for appointment of proxies by the Shareholders will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed hereto. However, in pursuance of Section 113 of the Act, representatives of the Corporate and other Non-individual Shareholders may be appointed for the purpose of voting or for participation and voting in the AGM. Such Corporate / non-individual Shareholders proposing to participate at the Meeting through their representative shall forward a scanned copy of the necessary authorization under Section 113 of the Act through email to companysecretary@avanse.com or rajesh.gandhi@avanse.com before the commencement of the AGM.
5. **Electronic dispatch of Notice and Annual Report:** In compliance with the MCA Circulars, notice of the AGM along with the Annual Report for the financial year ended March 31, 2026 are being sent only through electronic mode to those Shareholders whose email addresses are registered with the Company / Depository (ies). Shareholders can request for hard copy of the Annual Report & AGM notice by sending a request at companysecretary@avanse.com or rajesh.gandhi@avanse.com.

A copy of the notice of the AGM and the Annual Report is also available on the website of the Company at www.avanse.com and the website of the BSE Limited i.e. www.bseindia.com where the Debentures of the Company are listed.

6. **Voting at the AGM:** In compliance with the MCA Circulars and applicable provisions of the Act and rules framed thereunder, the Shareholders will vote on the proposed agenda items of the Notice convening the AGM, through “Show of Hands”, unless a demand for poll is made by any Shareholders in accordance with Section 109 of the Act.

In case a poll is ordered to be taken by the Chairman or demanded in accordance with Section 109 of the Act, Shareholders can cast their vote during the AGM by sending an email to Companysecretary@avanse.com or rajesh.gandhi@avanse.com from their registered email addresses.

The Shareholders, whose names appear in the Register of Shareholders / list of Beneficial Owners as on the date of AGM, would be entitled to vote on the resolutions set forth in this Notice. A person who is not a Shareholder, as on the date of the AGM should treat this Notice for information purpose only.

7. **Instructions for shareholders for attending the AGM through VC/OAVM:**

- a. The AGM shall be conducted using Zoom application. In this connection, the Company Secretary shall send a meeting invite to the registered email addresses of the Shareholders entitled to attend the AGM separately. Shareholders are requested to follow instructions as stated in this notice for participating in the AGM through VC / OAVM.
- b. Facility of joining the AGM through Zoom shall open 15 minutes before the time scheduled for the AGM and shall be kept open throughout the AGM. Shareholders who may like to express their views or ask questions during the AGM may register themselves by writing to the Company at Companysecretary@avanse.com or rajesh.gandhi@avanse.com. The Shareholders who do not wish to speak at the AGM may also send their queries / questions in advance by writing to the Company at the aforesaid email address. Shareholders may raise questions during the meeting as well. However, the Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
- c. Shareholders who need technical assistance before or during the AGM, can contact the undersigned on +91 92235 47313 or at Companysecretary@avanse.com or at rajesh.gandhi@avanse.com.
- d. Joining the AGM:
 - i. Click on the meeting link sent to you by the Company Secretary.
 - ii. You will then see the homepage of Zoom meeting. Click on the ‘Open Zoom Meetings’.
 - iii. If you have already installed Zoom application on your device, then enter meeting ID, your name and click on ‘Join Meeting’.
 - iv. If you have not installed Zoom application on your device, then click on “Launch Meeting” and then click on “Join from Browser” option on the landing page of Zoom.

If you are not able to join the meeting and are getting any error, please clear your browsing cache or cookies and try again.

- v. For better experiencing the proceedings of the AGM, Shareholders are suggested to download the Zoom application. The application can be downloaded on smartphones also by visiting the 'Google play store' for android users and 'App Store' for iOS users.
- 8. **Registers and records:** The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Act and all the relevant documents referred to in the Notice, including explanatory statement, will be available for electronic inspection without any fee by the Shareholders from the date of circulation of this Notice upto the date of AGM and also during the AGM. Shareholders seeking to inspect the documents may send an e-mail to companysecretary@avanse.com or rajesh.gandhi@avanse.com.
- 9. In this Notice, the term Member(s) or Shareholder(s) are used interchangeably.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT

The following explanatory statement sets out all material facts relating to the Ordinary Businesses mentioned in Item No. 2 and 3 and Special Business mentioned in Item no. 4 of the Notice.

Item No. 2 & 3

To appoint a director(s) in place of Mr. Narendra Ostawal (DIN: 06530414) and Mr. Luca Molinari (DIN: 10615114), who are retiring by rotation and being eligible, offers themselves for their respective re-appointment

Pursuant to the provisions of Section 152 of the Act, not less than two-thirds of the total number of directors of a public company should be the persons whose period of office is liable to determination by retirement of directors by rotation; and be appointed by the company in general meeting. One third of such rotational directors, for the time being are liable to retire by rotation, shall retire from office at every annual general meeting. The directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment.

For the above purpose, the independent directors are not considered as directors liable to retire by rotation.

As per the condition of rotation, Mr. Narendra Ostawal and Mr. Luca Molinari are liable to retire by rotation at the AGM and have offered themselves for re-appointment at the AGM.

Details of Mr. Narendra Ostawal and Mr. Luca Molinari, pursuant to the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are annexed to the Notice.

The Board recommends the re-appointment of Mr. Narendra Ostawal and Mr. Luca Molinari, as set out in item no. 2 and 3 of the Notice respectively.

Except Mr. Narendra Ostawal and Mr. Luca Molinari and their relatives, who are considered concerned / interested in item no. 2 and 3 of the Notice respectively, none of the Directors or Key Managerial Personnel or their relatives, are concerned or interested, financially or otherwise in the proposed agenda items.

Item No. 4

To approve the issue of Non-Convertible Debentures

To meet its funds requirements, the Company has been issuing non-convertible debentures / Bonds (“**Debentures**”), as one of the option for raising money from time to time, for onward lending business of the Company and / or general corporate purposes, on terms and conditions as are appropriate and in the best interest of the Company and in due compliance with the applicable provisions of the Act, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and other applicable statutes, acts, laws, guidelines and directions.



The Board of Directors of the Company have, at their meeting held on April 28, 2026, approved the limit of Rs. 5,000 crore for raising funds by way of issue of Debentures if and to the extent of the issue and allotment of Debentures in excess of the borrowing limit approved by the Members of the Company, as specified in clause (c) of sub section (1) of Section 180 of the Act, from time to time (**“the Company’s Borrowing Limit”**).

If the Company would be required to issue Debentures in excess of the Company’s Borrowing Limit then, pursuant Section 42 of the Act, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, 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 Debentures to be made during the year on private placement basis.

Disclosure as per provisions of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 is as follows:

1	Particulars of the offer including the date of passing of Board resolution and the amount which the Company intends to raise by way of such securities	Issue of such number of Debentures, from time to time, in one or more tranches, carrying such terms and conditions as may be decided by the Board (as more specifically set-out in special resolution in Item No. 4 of the Notice) for an amount up to Rs. 5,000 crore within a period of one year from the date of passing the aforesaid special resolution. The issue has been approved by the Board at their meeting held on April 28, 2026.
2	Kind of securities offered and the price at which security is being offered	Debentures at a price as may be decided by the Board from time to time.
3	Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	As may be decided by the Board pursuant to the applicable laws.
4	Name and address of valuer who performed valuation	Not applicable
5	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects of the offer	There are no contributions being made by the promoters or directors, either as part of the offer or separately in furtherance of objects of the offer.
6	Material terms of raising such securities, proposed time schedule, purposes or objects of offer, principle terms of assets charged as securities	As may be decided by the Board pursuant to the applicable laws.

In view of above, approval is sought from the Shareholders in connection with the aforesaid issue of Debentures and to authorize the Board to issue Debentures upto an amount of Rs. 5,000 crore as stipulated in the resolution set out in Item No. 4.



The Board recommends the resolution for issue of Debentures as a Special Resolution, as set out in item no. 4 of the Notice.

None of the Directors or Key Managerial Personnel or their relatives, are concerned or interested, financially or otherwise in the proposed resolution.

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

Date : July 19, 2026

Place: Mumbai

Rajesh Gandhi
Company Secretary and Compliance Officer
ICSI Membership No.: A-19086



ANNEXURE

Details of Mr. Narendra Ostawal pursuant to the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India



Narendra Ostawal
Non-Executive Director
DIN: 06530414

Mr. Ostawal, aged 48 years, who has been appointed as a Non-Executive Director with effect from July 30, 2019, has considerable experience in financial services sector. He has been associated with Warburg Pincus India Private Limited since 2007 where he currently hold the position of managing director and heads the the Warburg Pincus India Private Limited's investment advisory activities in India. Prior to that, he has worked with companies like 3i India Private Limited and McKinsey & Company, Inc. Mr. Ostawal holds a bachelor's degree in commerce from the Bangalore University, Bengaluru and a post-graduate diploma in management from the Indian Institute of Management, Bangalore. He has cleared the final examination held by the Institute of Chartered Accountants of India and has also attended the international executive business program at the University of Chicago's Graduate School of Business as an exchange scholar.

Mr. Ostawal has neither drawn any remuneration from the Company nor any remuneration is being proposed to be paid to Mr. Ostawal.

Mr. Ostawal does not hold any shares in the Company and is also not related to any Directors and / or KMP of the Company.

Apart from the Company and Warburg Pincus India Private Limited, Mr. Ostawal has been appointed on the Board of

Directors of IndiaFirst Life Insurance Company Limited, Micro Life Sciences Private Limited and IDFC First Bank Limited.

Terms and Conditions of appointment	Re-appointment as a Non-Executive (Nominee) Director liable to retire by rotation pursuant to the Shareholders' agreement dated March 6, 2024.
Number of Meetings of the Board attended during FY26	4
Details of Memberships / Chairmanship of Committees of other Board	
Name of other company(ies)	Chairmanship / Membership of the Board
IndiaFirst Life Insurance Company Limited	Member of Nomination & Remuneration Committee
Warburg Pincus India Private Limited	Chairperson of CSR Committee
IDFC First Bank Limited	Member of Risk Management Committee, Nomination & Remuneration Committee and Credit Committee

ANNEXURE

Details of Mr. Luca Molinari pursuant to the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India



Luca Molinari
Non-Executive Director
DIN: 10615114

Mr. Molinari, aged 53 years, who has been appointed as Non-Executive Director from July 1, 2024 of the Company, has over 21 years of experience in the private equity sector. Mr. Molinari is the Co-Chief Executive Officer of Private Equity, Mubadala Investment Company PJSC. He oversees the platform's global investments in Financial Services, Energy & Sustainability and the Asia Division. Prior to joining Mubadala, he was a Partner and Managing Director at Warburg Pincus, where he worked in Europe and Latin America, leading transactions across a broad range of sectors and geographies. Before that, he worked at the Merchant Banking Division and the Investment Banking Division of Goldman Sachs in London.

Mr. Molinari has completed his Bachelors in Economics and Business Administration from Bocconi University in Milan, Italy.

Mr. Molinari has neither drawn any remuneration from the Company nor any remuneration is being proposed to be paid to Mr. Molinari.

Mr. Molinari does not hold any shares in the Company and is also not related to any Directors and / or KMP of the Company.

Apart from the Company, Mr. Molinari has been appointed on the Board of Directors of Truist Insurance Holdings, LLC, MOEVE S.A. and Abu Dhabi Investment Council Company P.J.S.C.

Terms and Conditions of appointment	Re-appointment as a Non-Executive (Nominee) Director liable to retire by rotation pursuant to the Shareholders' agreement dated March 6, 2024.
Number of Meetings of the Board attended during FY26	3
Details of Memberships / Chairmanship of Committees of other Board	
Name of other company(ies)	Chairmanship / Membership of the Board
Truist Insurance Holdings, LLC	Member of Human Capital Committee
MOEVE S.A.	Member of Nomination, Compensation & Sustainability Committee

FREEDOM
TO LEARN.
POWER TO SHINE.



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Freedom to Learn, Power to Shine

Corporate Overview



“Where the mind is without fear and the head is held high”

These timeless words by Gurudev Rabindranath Tagore capture a vision that continues to inspire generations. They reflect the transformative power of education to liberate minds, unlock potential and create opportunities that transcend circumstance.

At Avanse, this belief forms the foundation of our purpose. The Company believes that every deserving learner should have the freedom to pursue education without financial barriers, and every educational institution should have the resources required to nurture future generations. When access to education expands, individuals gain the confidence to realise their aspirations and institutions gain the ability to shape brighter futures.

This philosophy is reflected in the theme for the year - **Freedom to Learn, Power to Shine**.

Education is more than the acquisition of knowledge. It is the foundation of ambition, opportunity and upward mobility. By supporting both those who seek knowledge and those who deliver it, Avanse contributes to a stronger, more inclusive education ecosystem that enables long-term growth and progress.

Empowering Learners

Education has the power to transform lives. It opens doors to new opportunities, broadens horizons and enables individuals to pursue their aspirations with confidence.

Across India and around the world, students are increasingly seeking quality education to build meaningful careers and contribute to society. Yet financial constraints and access to funds at the right time often stand between talent and opportunity.

Through customised education financing solutions, Avanse empowers students to pursue higher education in India and abroad without compromising their ambitions. The Company strives to ensure that academic merit and potential, rather than financial limitations, define a student's future. By enabling access to quality education, it helps learners gain the freedom to chart their own paths and the confidence to achieve their goals.

Strengthening Institutions

Educational institutions play a vital role in shaping the leaders, innovators and changemakers of tomorrow. Their ability to deliver quality education depends on continuous investment in infrastructure, technology, research and academic excellence.

As the demand for quality education continues to grow, institutions must expand their capabilities to meet evolving learner expectations and global standards.

Through tailored financing solutions, Avanse supports educational institutions in strengthening their foundations and accelerating growth. By enabling institutions to modernise, expand and innovate, it helps create learning environments where students can thrive and realise their full potential.

Freedom to Learn, Power to Shine reflects the Company's unwavering belief in education as a catalyst for progress. It is a commitment to expanding access, supporting aspirations and strengthening institutions. Most importantly, it is a celebration of the transformative impact that education creates when opportunity is made accessible to all.

Because when people are given the freedom to learn, they gain the power to shine.



Where Knowledge Finds Freedom and Potential Finds Power

About the Company

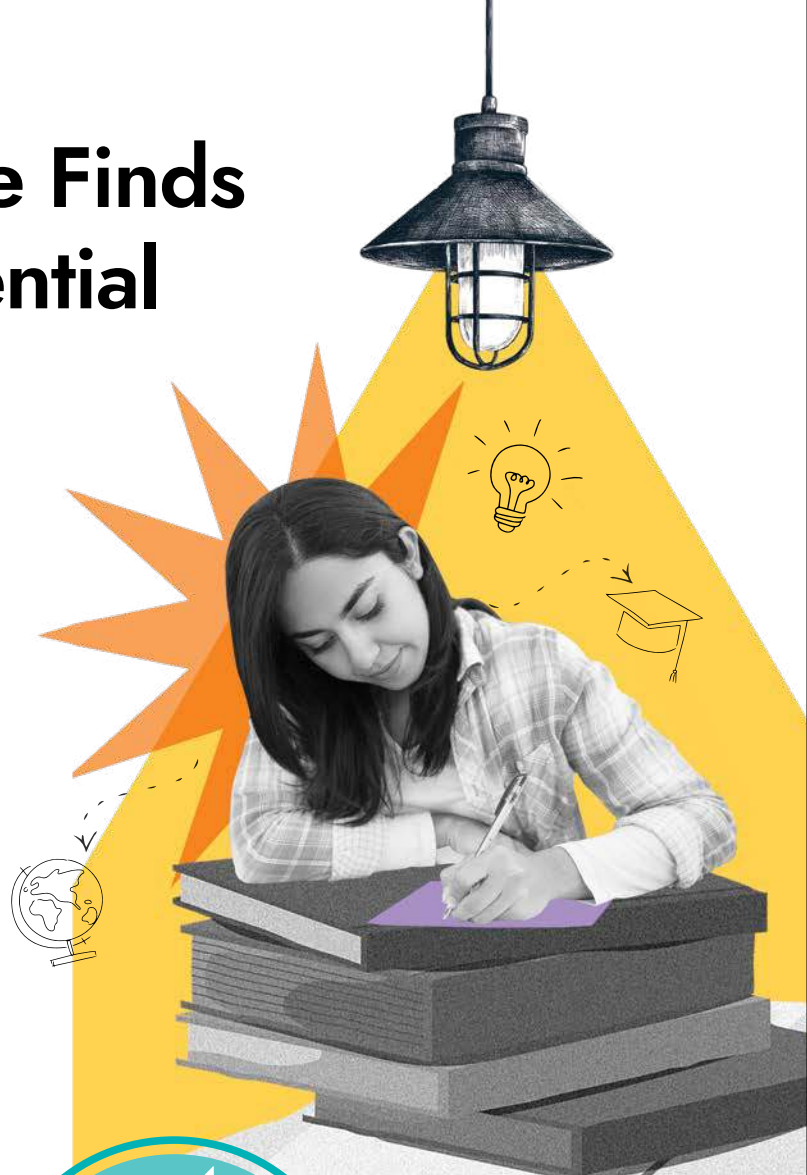
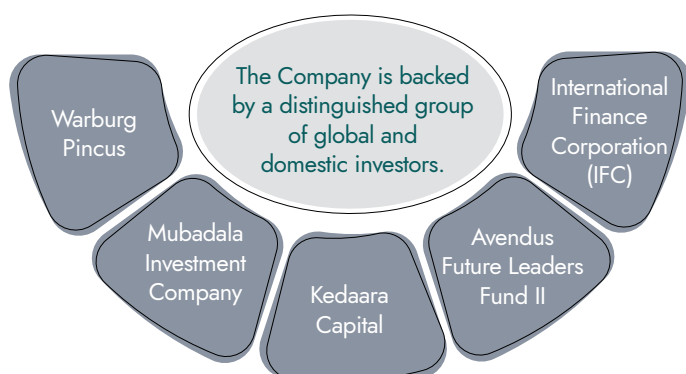
India's growth story is increasingly being shaped by the aspirations of its people. As opportunities expand across industries and geographies, education remains the foundation that gives individuals the **freedom to learn, grow, and realise their potential**. A rapidly evolving job market, expanding global opportunities, and rising aspirations among the country's youth have further reinforced the importance of quality education as a pathway to success.

At Avanse Financial Services, we believe that every deserving student should have the freedom to pursue their educational goals without financial constraints. This belief has guided our journey since inception and continues to shape our commitment to expanding access to quality education. By enabling students to pursue learning opportunities that align with their ambitions, we empower them to realise their fullest potential and contribute meaningfully to society.

Avanse Financial Services is one of the largest education-focused Non-Banking Financial Companies (NBFCs) in India, dedicated to supporting the education ecosystem through specialised, customised financing solutions. The Company has been focused on simplifying access to education financing for students pursuing education in India and abroad, while also supporting educational institutions with growth and working capital needs to strengthen the country's education infrastructure ecosystem.

Over the years, Avanse has evolved into a trusted financial partner for students, parents, educational institutions, and ecosystem participants. Through **customer-centric products, technology-enabled processes, data-driven underwriting capabilities, and a deep understanding of educational journeys**, the Company continues to bridge the gap between aspirations and access.

As of March 31, 2026, Avanse's Asset Under Management (AUM) stood at **₹23,411 crore**, reflecting its **sustained business momentum and strong market position**.



MISSION

To make education financing seamless and affordable for every deserving Indian student.

CORE BELIEF

No deserving student should miss an opportunity to access quality education due to a lack of financing, irrespective of their social strata or co-borrower's financial background.

Today, Avanse supports a vast and diverse student community pursuing higher education across leading institutions in India and around the world. The Company has built strong relationships across the education ecosystem and continues to expand its reach through a robust distribution network comprising education consultants, education loan marketplaces, strategic partners, digital acquisition channels, and other intermediaries. This extensive network enables Avanse to serve students across geographies, backgrounds, and academic disciplines.

Every student deserves the freedom to learn. Every aspiration deserves the opportunity to shine. This belief continues to guide Avanse's journey as it creates meaningful and lasting impact across India's education landscape.



Creating Freedom Through Education Financing

Performance Snapshot 2025-2026

At Avanse, growth is measured not only by financial performance but by the opportunities created for learners and educational institutions. Every loan sanctioned represents an aspiration supported, a future enabled and a step towards greater access to quality education.

During FY 2025-26, the Company continued to build on its strong foundation while pursuing sustainable and responsible growth. Against a dynamic operating environment, Avanse remained focused on expanding access to education financing, strengthening relationships across the education ecosystem and maintaining disciplined execution across all aspects of the business.



Assets Under Management (AUM) (crore)

₹23,411

Growth over
FY25

1.23x

Disbursements (crore)

₹7,019

Growth over
FY25

1.02x

Total Revenue (crore)

₹2,889

Growth over
FY25

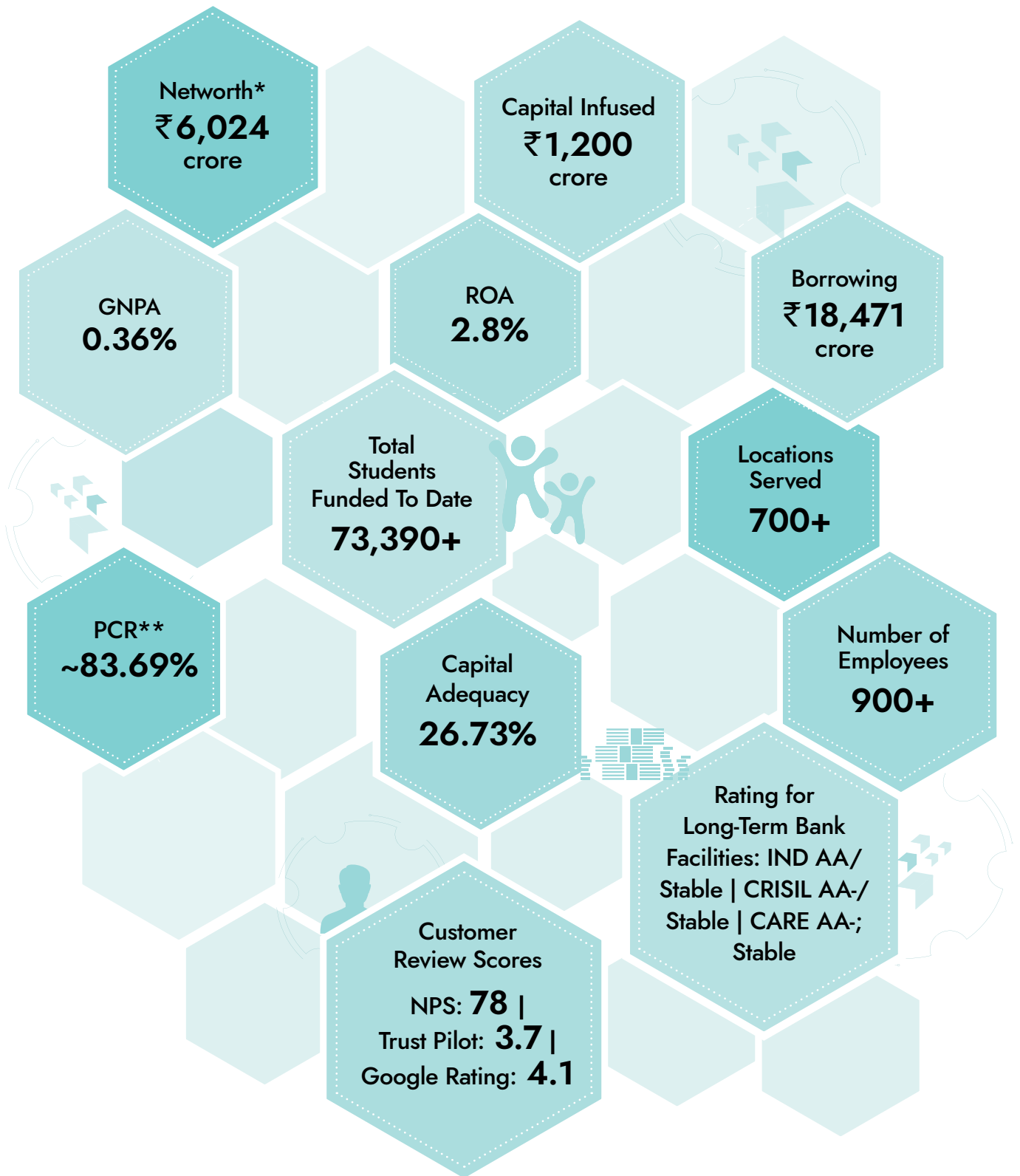
1.23x

Profit After Tax (crore)

₹598

Growth over
FY25

1.19x



*Networth as per SEBI LODR is 5,999.43 Cr.(Excludes Deferred Tax, Intangible Assets)

**Provision Coverage Ratio on Stage 3 loan assets

Board of Directors



Mr Neeraj Swaroop

(Chairman and Independent Director)

Mr Swaroop is the Chairman and Independent Director of the Company. He holds a Bachelor's degree in Technology (Mechanical Engineering) from the Indian Institute of Technology, Delhi and a postgraduate diploma in Management from the Indian Institute of Management, Ahmedabad. He has over 40 years of experience in the Banking and Financial Services sector and the consumer goods industry. He worked with organisations such as HDFC Bank Limited, Pond's India, Hindustan Unilever, Bank of America and Standard Chartered Bank. He is currently serving as the Director on the Board of Directors of HDFC Securities Limited, SBFC Finance Limited and Spandana Sphoorty Financial Limited and is an Operating Partner with Kedaara Capital Fund II LLP.



Ms Vijayalakshmi R. Iyer

(Independent Director)

Ms Iyer is an Independent Director of the Company. She graduated from M.L. Dahanukar College of Commerce and completed her post-graduation from Sydenham College of Commerce, Mumbai. She is a certified associate of the Indian Institute of Banking and Finance. She has nearly four decades of experience in the Banking and Finance sector in India. Previously, she worked with the Central Bank of India and the Bank of India. She is presently on the board of various companies, including Glenmark Pharmaceuticals Limited, ICICI Bank Limited, ICICI Securities Limited and Computer Age Management Services Limited.



Ms Savita Mahajan

(Independent Director)

Ms Mahajan is an Independent Director of the Company. She holds a Bachelor's degree in Economics from the University of Delhi and a postgraduate diploma in Management from the Indian Institute of Management, Ahmedabad. She has more than 19 years of experience in the Education and Consultancy Services sectors. Previously, she has worked with the Indian School of Business, Bharat Technologies, Karvy Consultants Limited and Maruti Udyog Limited. She is presently on the board of various companies, including India Shelter Finance Corporation Limited.



Mr Ravi Venkatraman

(Independent Director)

Mr Venkatraman is an Independent Director of the Company. He is an ACA from the Institute of Chartered Accountants of India and has completed an ICWA from the Institute of Cost & Works Accountants of India. He has over 17 years of experience in the Banking and Financial Services sector. He worked with Mahindra & Mahindra Financial Services Limited. He is presently on the board of various companies, including Zurich Kotak General Insurance Company (India) Limited, Kotak Mahindra Prime Limited and SBFC Finance Limited.



Mr Rakesh Bhatt

(Independent Director)

Mr Bhatt is an Independent Director of the Company. He holds a Master's degree in Computer Applications from Gujarat University and a Bachelor of Science in Physics from The Maharaja Sayajirao University of Baroda. He is a seasoned professional with over three decades of experience in the Financial Services and Technology sectors. He is the Founder and CEO of Rahi Platform Technologies. Mr Bhatt is also a member of the Board of Directors of Bajaj Finserv Health Ltd., Bajaj Financial Securities Ltd., Snapwork Technologies Pvt. Ltd. and Hina Bhatt Art Foundation. He has held key leadership positions at Bajaj Finserv for nearly 15 years. He also worked with several other renowned organisations, such as AIG Consumer Finance, 3i Infotech, Apnaloan, GE Capital and Reliance Industries Ltd.



Mr Narendra Ostawal

(Non-Executive Director)

Mr Ostawal is a Non-Executive Director of the Company. He holds a Bachelor's degree in Commerce from Bangalore University, a postgraduate diploma in Management from the Indian Institute of Management, Bangalore and a Chartered Accountancy degree from The Institute of Chartered Accountants of India. He also attended the International Executive Business Program at the University of Chicago's Graduate School of Business as an exchange scholar. He has more than 17 years of experience in the Financial Services sector. He has been associated with Warburg Pincus India Private Limited since 2007, where he currently holds the position of Managing Director and leads the Warburg Pincus India Private Limited's investment advisory activities in India. Previously, he has worked with 3i India Private Limited and McKinsey & Company Inc.



Mr Sunish Sharma

(Non-Executive Director)

Mr Sharma is a Non-Executive Director of the Company. He holds a Bachelor's degree in Commerce (honours) from the University of Delhi and a postgraduate diploma in computer-aided management (gold medalist) from the Indian Institute of Management, Calcutta. He is also a qualified Cost and Works Accountant. He has over 27 years of experience in the financial services sector. He is the Founder and Managing Partner of Kedaara Capital. Prior to founding Kedaara, he served as a Managing Director at General Atlantic and worked as a Management Consultant at McKinsey.



Mr Hemant Mundra

(Non-Executive Director)

Mr Mundra is a Non-Executive Director of the Company. He holds a Bachelor's degree in Technology in Chemical Engineering from the Indian Institute of Technology, Mumbai, and a postgraduate diploma in Management from the Indian Institute of Management, Ahmedabad, where he was a gold medallist (Institute Rank 1). He has also done his CFA from the CFA Institute in the US. He has over 12 years of experience in the Private Equity sector. He is presently associated with Warburg Pincus India Private Limited as Principal. Prior to that, he worked with organisations like Kedaara Capital Advisors LLP, Rothschild and Deloitte.



Mr Luca Molinari

(Non-Executive Director)

Mr Molinari is a Non-Executive Director of the Company. He holds a Bachelor's degree in Economics and Business Administration from Bocconi University in Milan, Italy. He has over 21 years of experience in the private equity sector, public investing and M&A transaction structuring in Europe, North America, South America and the Middle East. He is currently associated as Co-Chief Executive Officer of Private Equity, Mubadala Investment Company PJSC. Prior to joining Mubadala, he was associated with Warburg Pincus as a Partner and Managing Director. He has also worked at the Merchant Banking Division and the Investment Banking division of Goldman Sachs in London.



Mr Amit Gainda

(Managing Director and Chief Executive Officer)

Mr Gainda is the Managing Director and CEO of the Company. He has completed his postgraduate programme in Management (part-time) from the International Management Institute and the leadership programme for Senior Indian Executives from INSEAD. He has an illustrious career spanning nearly three decades in the BFSI sector. He has built businesses focused on sustained growth and profitability through decisive strategic choices in businesses, people, technology and other organisational competencies. Under his strategic guidance and vision, Avanse Financial Services has strengthened its leadership position in the Education Financing segment. Prior to joining Avanse, he worked with GE Money Financial Services Limited, Bajaj Auto Finance Limited, Citicorp Credit Services India Limited, Dewan Housing Finance Corporation Limited and SB Leasing and Finance.

Management Team



Amit Gaiinda

(Managing Director and Chief Executive Officer)

Amit is the Managing Director and CEO of the Company. He has an illustrious career spanning nearly three decades in the BFSI sector. He has built businesses focused on sustained growth and profitability through decisive strategic choices in businesses, people, technology and other organisational competencies. Under his strategic guidance and vision, Avanse Financial Services has strengthened its leadership position in the Education Financing segment. Amit has completed his postgraduate programme in Management (part-time) from the International Management Institute. He has completed the leadership programme for Senior Indian Executives from INSEAD. Prior to joining Avanse, he worked with GE Money Financial Services Limited, Bajaj Auto Finance Limited, Citicorp Credit Services India Limited, Dewan Housing Finance Corporation Limited and SB Leasing and Finance.



Shailendra Dhupiya

(Chief Financial Officer) (With effect from March 05 2026)

Shailendra is responsible for managing financial accounting, financial planning & business analytics, budgeting, management reporting, tax compliance and more. He holds a Bachelor's degree in Commerce from DAVV, Indore. He is a qualified CA from the Institute of Chartered Accountants of India. He has experience across the banking and financial services sector. Prior to joining our Company, he worked with Edelweiss Group, Deutsche Bank India, Deloitte and more.



Amit Yadav

(Chief Treasury Officer and Chief Product Officer)

Amit is responsible for managing the Company's treasury function and product strategy. He holds a Bachelor's degree in Engineering (Chemical Engineering) from the University of Roorkee and a Master's degree in Business Administration from the Robinson College of Business, Georgia State University, USA. He has experience in the M&A and banking and financial services sectors. Prior to joining the Company, he worked with Religare Support Services Limited.



Yogesh Rawat

(Chief Business Officer – Student Lending International Business)

Yogesh spearheads the Company's student financing business vertical for international education. He holds a Master's degree in Business Administration from the Indian Institute of Technology, Bombay and Washington University, St. Louis. He is an Associate Member of the Institute of Chartered Accountants of India and is a qualified CA from the Institute of Cost and Works Accountants of India. He has experience in the Banking, Financial Services and Insurance sectors. Prior to joining the Company, he worked with ICICI Home Finance Company Limited and GE Money Financial Services Private Limited.



Vivek Kumar Baranwal

(Chief Business Officer – Education Loans Domestic Business)

Vivek oversees the business strategy, credit risk and collections functions of the educational institution loans and education loans domestic verticals. He has a Bachelor's degree in Commerce from the University of Calcutta and has completed an Advanced Management programme from the Indian Institute of Management, Calcutta. He is a qualified CA from the Institute of Chartered Accountants of India. He has experience in the BFSI sector. Prior to joining the Company, he worked with Reliance Capital Limited and Reliance Commercial Finance Limited. .



Samir Kumar Mohanty

(Chief Technology & Digital Transformation Officer and Chief People Officer)

Samir is responsible for implementing tech-led initiatives, digitising processes and adopting emerging technology to enhance business efficiency and governance. Additionally, he heads the Human Resource team by driving the development and implementation of best-in-class HR practices, policies and procedures to support the Company's employees. He holds a postgraduate diploma in Business Administration from ICFAI Business School, Hyderabad, and has also completed the Fulbright-Nehru-CII Fellowship for Leadership in Management programme at the Tepper School of Business, Carnegie Mellon University, Pennsylvania. He has experience in banking, financial services and insurance. Prior to joining our Company, he worked with Tata Capital Financial Services Limited.



Sorabh Malhotra

(Chief Risk Officer)

Sorabh heads the risk function of our Company. He holds a Bachelor's degree in Commerce from the University of Delhi and a postgraduate diploma in Management from Lal Bahadur Shastri Institute of Management, Delhi. He has experience in the Banking, Financial Services and Insurance sector. Prior to joining the Company, he worked with NeoGrowth Credit Private Limited, Bajaj Finance Limited, Chola Mandalam DBS Finance Limited and Capital First Limited.



Rajiv Kumar

(Chief Compliance Officer)

Rajiv is responsible for managing the compliance function of our Company. He holds a Master's degree in Commerce from the Annamalai University, Annamalainagar and is an Associate Member of the Institute of Company Secretaries of India. He has experience in the Banking, Financial Services and Insurance sector. Prior to joining the Company, he worked with Fullerton India Credit Company Limited, India Infoline Finance Limited and Bajaj Finance Limited.



Ganesh Raghuraman Iyer

(Chief Audit Officer)

Ganesh is responsible for the management assurance and audit function of the Company. He holds a Bachelor's degree in Commerce from the University of Mumbai and is a qualified CA from The Institute of Chartered Accountants of India. He has experience in the Banking, Financial Services and Insurance sector. Prior to joining our Company, he worked with Tata Capital Financial Services Limited and DBOI Global Services Private Limited.



Rajesh Pravinkumar Gandhi

(Company Secretary and Compliance Officer)

In his current role, Rajesh manages the secretarial functions of the Company. He holds a Bachelor's degree in commerce from Saurashtra University, Rajkot, and a Bachelor's degree in law from the University of Mumbai. He is an associate member of the Institute of Company Secretaries of India. He has experience in managing regulatory compliance and secretarial requirements in the Banking, Financial Services and Insurance sector. Prior to joining the Company, he worked with Reliance Asset Reconstruction Company Limited, Aditya Birla ARC Limited, India Infoline Limited, SPA Global Private Limited and Edelweiss Commodities Limited.

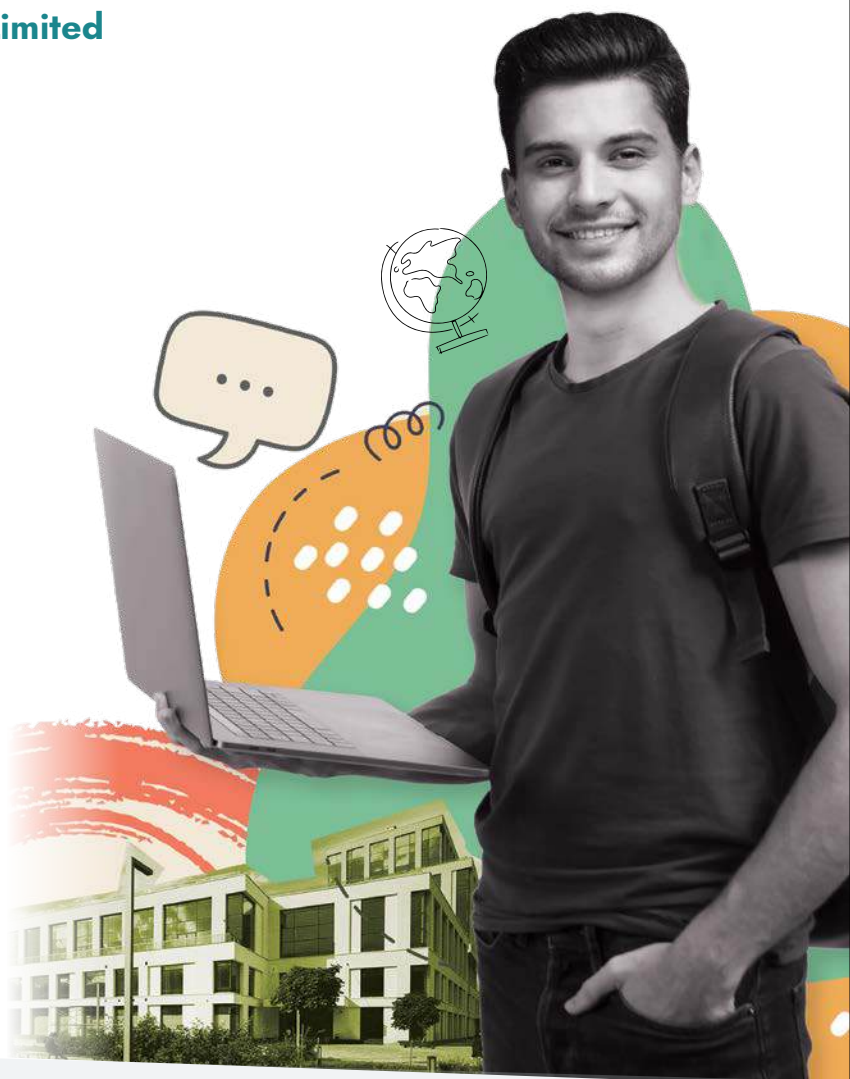
Where Global Ambitions Meet World-Class Enablement

Avanse Global Finance IFSC Private Limited

Avanse Global Finance IFSC Private Limited (Avanse Global) is a **100% wholly-owned subsidiary of Avanse Financial Services Ltd.** It is located in Gujarat International Finance Tec-City (GIFT City) and is governed by International Financial Services Centres Authority (IFSCA) regulations. Avanse Global offers foreign currency education loans to Indian students who want to study abroad. It takes care of all the education-related finance requirements, enabling students to pursue their academic dreams stress-free. Through this subsidiary, the Company reaches out to a broader spectrum of students, enabling upward mobility. It endeavours to empower students to enjoy repaying in dollars without worrying about the cost of forex conversions. The Company has funded students across **~150** educational institutes in **~6** countries.

Responsible Lending: Avanse Global is a Company registered with the International Financial Services Centres Authority (IFSCA) as a finance company. It is a responsible business entity and, hence, thoroughly adheres to the codes and policies regulated from time to time. Avanse Global believes in being an equal opportunity lender and is thus agnostic about who the borrower is. Regardless of caste, religion or social standing, the terms and conditions of lending apply equally to all.

Avanse Global understands the financial situation of borrowers and the steep cost of higher education. It will make every effort to extend the most benefits to its customers within the overall policy framework.



Funding Global Dreams

Student Loan: Avanse Global offers foreign currency (dollar) education loans to Indian students who want to study abroad.

- **Higher Loan Amount:** The Company offers a loan amount up to USD 150,000, enabling students to be stress-free and focus on their education.
- **Competitive Interest Rates:** The interest rates start at ~10.50%
- **Flexible Repayment Tenure:** 15-year loan repayment tenure
- **100% Coverage:** Tuition, Living, Travel & More
- **No Forex Conversion Cost:** With such loans, students can borrow and repay in the same currency. The product has been designed in such a way that students can save on forex conversion costs.



Board of Directors

Amit Gaiinda

(Whole Time Director)

Amit is the Whole-Time Director of the Company. He has an illustrious career spanning nearly three decades in the BFSI sector. He has built businesses focused on sustained growth and profitability through decisive strategic choices in business, people, technology and other organisational competencies. His strategic guidance and vision as Managing Director & CEO of Avanse Financial Services have strengthened its leadership position in the education financing segment. Amit has completed his postgraduate programme in Management (part-time) from the International Management Institute. He has completed the leadership programme for Senior Indian Executives from INSEAD. Prior to joining Avanse, he worked with GE Money Financial Services Limited, Bajaj Auto Finance Limited, Citicorp Credit Services India Limited, Dewan Housing Finance Corporation Limited and SB Leasing and Finance.



Yogesh Rawat

(Director)

Yogesh is responsible for managing the operational effectiveness of the processes of the value chain. He holds a Master's degree in Business Administration from the Indian Institute of Technology, Bombay and Washington University, St. Louis. He is an Associate Member of the Institute of Chartered Accountants of India and is a qualified CA from the Institute of Cost & Works Accountants of India. He has experience in the banking, financial services and insurance sectors. Prior to joining the Company, he worked with ICICI Home Finance Company Limited and GE Money Financial Services Private Limited.



Samir Kumar Mohanty

(Director)

Samir is responsible for implementing tech-led initiatives, digitising processes and adopting emerging technology to enhance business efficiency and governance. He holds a postgraduate diploma in Business Administration from ICFAI Business School, Hyderabad and has also completed the Fulbright-Nehru-CII Fellowship for Leadership in Management programme from the Tepper School of Business, Carnegie Mellon University, Pennsylvania. He has experience in banking, financial services and insurance sectors. Prior to joining the Company, he worked with Tata Capital Financial Services Limited.



Management Team

Bhavesh Rawal

(Chief Financial Officer)

Bhavesh is responsible for developing and implementing financial strategies, policies and procedures to ensure fiscal accountability of the organisation. He has done his Bachelor's in Commerce from Mumbai University. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He has experience in the banking, financial services and insurance sectors. Prior to joining Avanse, he worked with Indostar Capital Finance Limited.





Freedom to Innovate, Power to Excel

Our Strategic Priorities

Customer Experience - Simplifying the Path, Amplifying the Potential

At Avanse, every education loan represents far more than a financial transaction. It represents a learner's ambition, a family's aspiration and the pursuit of opportunities that can shape a brighter future. This understanding lies at the heart of our customer experience philosophy.

As aspirations evolve, so do customer expectations. Students and families today seek speed, transparency, convenience and greater control over their financial journeys. In response, Avanse continues to simplify and reimagine the education financing experience through customer-centric processes, digital innovation and seamless interactions that help learners focus on what matters most: their educational goals.

Giving Customers Greater Choice and Control

During the year, the Company introduced a comprehensive digital acquisition journey that enables students and families to explore, apply for and track education loans with minimal intervention. Customers can check eligibility, upload documents, receive provisional offers and monitor application progress through a streamlined digital experience designed around convenience and transparency.

By placing information, decision-making and progress tracking directly in the hands of customers, the platform empowers learners to navigate their education financing journey with greater confidence, flexibility and ease.

Supporting Learners Throughout

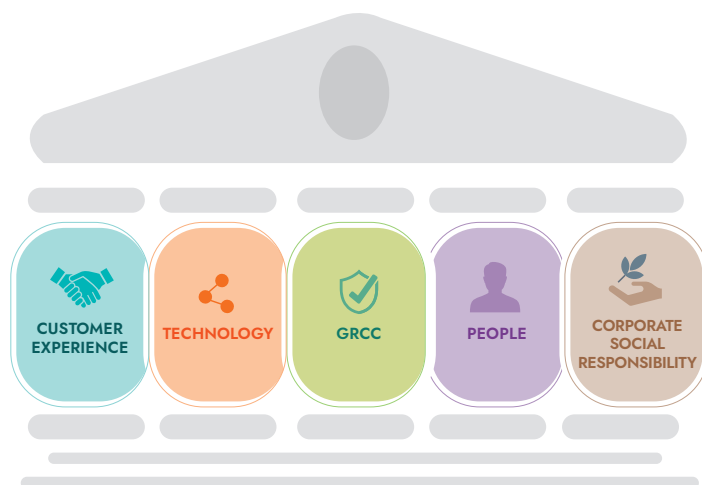
The relationship with customers extends well beyond loan approval and disbursement. Recognising that educational journeys unfold over several years, Avanse strengthened its post-disbursement servicing capabilities through an enhanced Customer Portal and Mobile Application.

The platform enables customers to access loan details, initiate tranche disbursements, make payments, retrieve documents and receive real-time updates through a single, intuitive interface. With over 20,000 application downloads and strong customer adoption, the platform is helping create a more connected, responsive and self-service-driven experience.

Making Every Interaction Simpler and Faster

The Company continues to leverage intelligent automation and artificial intelligence to improve responsiveness across customer touchpoints and reduce friction throughout the lending lifecycle.

From faster application processing and accelerated disbursements to AI-enabled customer support, technology is



helping deliver quicker resolutions, shorter turnaround times and greater service accessibility. These initiatives ensure that learners spend less time navigating processes and more time preparing for the opportunities ahead.

Building Trust Through Transparency

Trust remains the foundation of every customer relationship. Avanse continues to strengthen transparency across the lending lifecycle by providing real-time visibility into application status, service requests, loan information and transaction updates.

Whether through digital platforms, partner networks or customer support teams, the focus remains on delivering consistent, reliable and transparent experiences that enable customers to make informed decisions with clarity and confidence.

Creating Experiences That Enable Possibilities

Customer experience is not defined by a single interaction but by every touchpoint across the journey. By combining human expertise with technology-led innovation, Avanse continues to remove complexity, enhance accessibility and create a more seamless education financing experience.

As the Company grows, its commitment remains unchanged: to make educational opportunities more accessible, empower learners with greater confidence and control, and create experiences that help individuals move closer to achieving their aspirations and realising their potential.

Listening to Our Customers: Real-Time Experience Tracking



Customer Testimonials

Education Loans



Jaya Sri Uma Sravani Togaru
(Master of Agricultural Sciences)

My experience with Avanse Financial Services has been extremely positive. The overall loan process was smooth, transparent, and efficiently managed, making an important financial step feel much more manageable and reliable.



Jay Jadav
(MS in Computer Engineering)

When I received my admission offer from the University of Southern California for my MS in Computer Engineering, it felt like a dream come true. However, finances seemed like the biggest hurdle until I connected with the team at Avanse Financial Services. Their education loan turned my academic dream into reality. Today, I am a Logic Design Engineer at a global technology firm in the US. This would not have been possible without an education loan from Avanse Financial Services.



Shivannagari Pooja Sree
(MSc Food Science & Biotechnology
with Advanced practice)

I took an education loan from Avanse Financial Services. The entire loan process was very smooth, and the sales representatives guided me through the overall student loan procedure. They cleared all my doubts, and I would recommend this financial institution to students facing challenges in obtaining an education loan.



Abhay Kumar

I had a very smooth experience with Avanse Financial Services. The loan process was straightforward and hassle-free, and their team guided me at every step with prompt responses and support. I truly appreciate their professionalism and assistance in making the process easy.



Madhura Chamalapura Basavaraju
(MSc Data Science and AI)

I had a very good experience with Avanse Financial Services, especially the representative who helped me throughout the education loan process. Once again, thank you for your assistance. I highly recommend your services to anyone in need of financial support.



Anupriya Mishra
(MA in Fashion Business Management)

The representative was incredibly helpful throughout the entire process. They went above and beyond to ensure my application was completed smoothly and ahead of time. Everything was handled efficiently, and I did not face any issues. It was truly a great experience. Thank you so much!



Sima Nazarali Vadsariya
(MSc Public Health and Social Care
in Practice)

The loan process was transparent, and I received very quick responses from the team.



Chavala Praveen Kumar
(MSc Nursing)

The representative was excellent throughout the application process. They clearly explained every step and handled my application with great care. I am happy to be a part of the Avanse Financial Services family.



Srinivas Moukthik Miriyal
(Master Of Science In Regulatory
Affairs For Drugs, Biologics & Medical
Devices - General Regulatory Affairs)

The loan process was very seamless and stress-free.

Educational Institution Loans

Sabhyata Educational Academy

It has been a very pleasant experience with the staff at Avanse. They have a lot of patience and are professional. Thank you.

Harihar Shiksha Sansthan

From the initiation of the loan documents to the last paper being submitted, the entire process was seamless.

Shree Akshaya Educational Society

Avanse has an excellent team of professionals. We are grateful for all the support.

Shri Padmanabhan Educational Trust

The loan process was quick, and the approach was friendly. Thanks!



Technology - Architecture for Freedom, Infrastructure to Shine

At Avanse, technology is more than an operational enabler. It is a strategic capability that helps remove barriers, simplify access and create better outcomes for learners, educational institutions and partners. As education financing becomes increasingly digital, the Company continues to invest in intelligent platforms, automation and data-driven solutions that make every interaction faster, simpler and more transparent.

Avanse's technology strategy is guided by a clear objective: to create frictionless experiences across the education financing lifecycle while building a scalable, agile and future-ready organisation. By integrating digital innovation into every stage of the customer journey, the Company is strengthening its ability to support learners with greater speed, convenience and confidence.



Creating Freedom Through Digital Access

The journey towards educational aspirations often begins with timely access to information and financing solutions. During the year, Avanse enhanced its digital capabilities through customer-centric platforms that enable borrowers to engage with the Company anytime, anywhere.

The launch of an integrated Customer Portal and Mobile Application has empowered customers to manage their loan journey independently through digital self-service capabilities, including tranche disbursements, payments, document access and real-time updates. Strong customer adoption reflects the growing preference for seamless, digital-first engagement.

The Company also strengthened its digital acquisition capabilities through a self-service application journey that enables students to check eligibility, submit applications, upload documents and receive provisional offers within minutes.

Driving Efficiency Through Intelligent Automation

As the business continues to scale, operational excellence remains a critical priority. Avanse is leveraging automation and advanced workflow capabilities to enhance efficiency while maintaining strong governance and control frameworks.

Initiatives such as the Bolt programme have transformed traditionally manual processes into streamlined, exception-based workflows, significantly reducing processing times while improving accuracy and consistency. These enhancements not only improve productivity but also enable faster fulfilment for customers during critical stages of their educational journey.

Enhancing Experiences Through Artificial Intelligence

Artificial Intelligence is playing an increasingly important role in strengthening customer engagement and service delivery.

During the year, Avanse expanded the use of AI-powered solutions to automate routine interactions, improve responsiveness and enhance service availability. Intelligent voice-based support capabilities now enable customers to receive timely assistance, access information, and resolve queries with greater convenience

while ensuring seamless escalation for more complex requirements. These initiatives are helping the Company deliver a more responsive, scalable and customer-centric service experience.

Building a Connected Ecosystem

The education financing ecosystem extends beyond students and institutions to include a wide network of partners who play an important role in expanding access and reach.

To strengthen collaboration and improve efficiency, Avanse implemented a unified digital ecosystem that connects partners through integrated portals, APIs and conversational interfaces. This enables greater visibility, faster processing and real-time engagement, creating a more connected and transparent experience across the value chain.

Strengthening Governance Through Technology

Technology also serves as a critical pillar of the Company's Governance, Risk, Compliance and Controllershship (GRCC) framework.

The continued digitisation of risk assessment, customer due diligence, compliance monitoring and reporting processes has strengthened operational resilience and enhanced regulatory readiness. Automated controls, real-time monitoring and data-driven decision-making capabilities support stronger governance while enabling the organisation to respond proactively to evolving regulatory requirements.

Building a Future-Ready Organisation

As learner expectations continue to evolve, Avanse remains committed to investing in technologies that enhance accessibility, improve experiences and strengthen organisational agility.

By combining digital innovation, intelligent automation, advanced analytics and artificial intelligence, the Company is building a technology-led foundation that enables greater freedom for learners to pursue their ambitions and empowers them with the confidence and support to shine in an increasingly competitive world.



Governance, Risk, Compliance & Controllanship (GRCC) - Fortifying Trust, Unlocking Ambition

The freedom to learn is built on a foundation of trust. As Avanse continues to empower students and educational institutions to pursue their aspirations, Governance, Risk, Compliance & Controllanship (GRCC) remains central to the Company's ability to grow responsibly and create long-term value.

The Company continuously strengthens its corporate governance framework and integrated risk management capabilities to navigate an evolving operating environment while maintaining the highest standards of accountability, transparency and regulatory compliance. This disciplined approach enables Avanse to expand access to education financing while safeguarding the interests of all stakeholders.

Risk management is embedded across the organisation through clearly defined policies, processes and governance mechanisms. The Board-level Risk Management Committee (RMC) provides oversight of the Company's risk management framework, risk appetite, key exposures and mitigation strategies. Supported by robust monitoring systems and regular reviews, the framework enables timely identification, assessment and management of risks across business functions.

The Company follows a comprehensive Enterprise Risk Management approach covering credit, liquidity, operational, compliance, information security, reputation and emerging risks. Defined risk metrics, early warning indicators and continuous monitoring mechanisms help strengthen decision-making and support portfolio resilience.

Avanse's commitment to strong governance extends beyond risk oversight. A prudent controllanship framework, disciplined financial management practices and a culture of compliance reinforce organisational stability and support sustainable growth. Together, these capabilities enable the Company to maintain stakeholder confidence while creating opportunities that empower learners and strengthen India's education ecosystem.

By balancing growth with prudence, Avanse continues to build an institution designed not only for performance today, but also for enduring impact in the years ahead.



People - Empowering the Mind, Inspiring the Journey

At Avanse, people are the force behind every learner we support and every milestone we achieve. The Company believes that creating opportunities for continuous learning, growth and development enables employees to unlock their potential and contribute meaningfully to organisational success.

Guided by its cultural pillars of Governance, Accountability, Inclusivity, Meritocracy, Consistent Value Creation and Happiness Quotient, Avanse continues to foster a workplace where individuals are empowered to learn, lead and thrive. This commitment to building a high-trust, high-performance culture was reaffirmed during the year as the Company earned the Great Place to Work® certification for the fifth consecutive year.

With a 99% participation rate and a strong trust index score, the recognition reflects the confidence, engagement and shared sense of purpose that defines the Avanse workplace.

Building a Culture of Learning and Growth

As a learning-led organisation, Avanse continues to invest in developing future-ready capabilities across its workforce. The Company focuses on creating opportunities that help employees strengthen professional competencies, enhance leadership capabilities and prepare for evolving business requirements.

Through structured learning interventions, leadership development programmes and capability-building initiatives, employees are encouraged to continuously expand their skills and contribute to the organisation's long-term growth journey.

The Company's commitment to learning extends beyond role-based development and focuses on nurturing a culture where curiosity, collaboration and continuous improvement are embedded into everyday work.

Advancing Diversity, Equity and Inclusion

Avanse remains committed to building a workplace where every employee feels respected, supported and empowered to succeed.

During the year, the Company continued to strengthen its Diversity, Equity and Inclusion (DE&I) agenda through the Avanse Sheroes initiative, designed to celebrate and support women employees across the organisation. A series of learning programmes and awareness initiatives were conducted covering topics such as Diversity, Equity & Inclusion, Prevention of Sexual Harassment (POSH), unconscious bias, women's leadership, financial wellbeing and wellness.

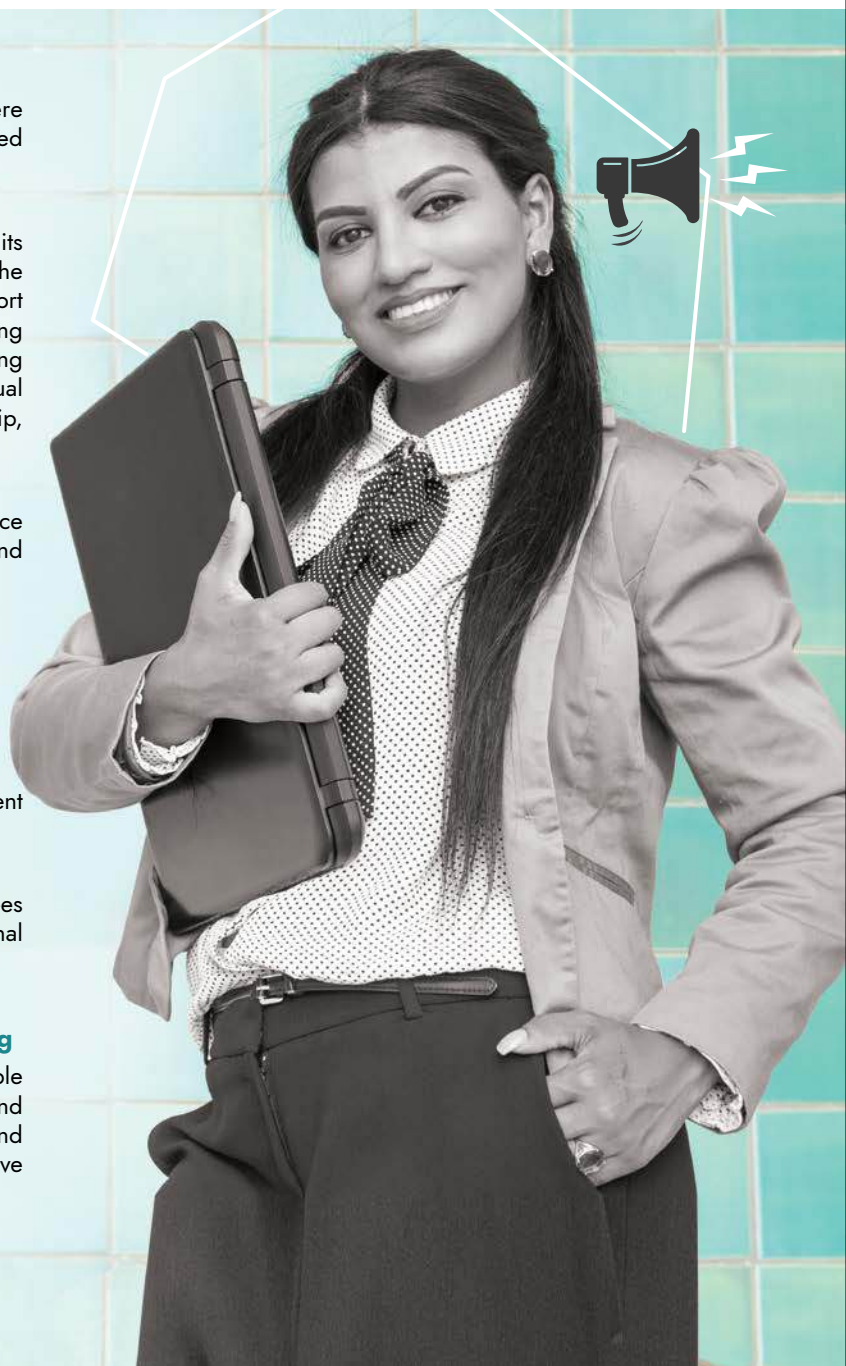
The Company also continued to reinforce its inclusive workplace practices through a range of employee-centric policies and benefits, including:

- Mobility support for expecting mothers
- Menstruation leave policy
- Flexible working arrangements
- Safe commute support for women employees
- Childcare assistance for working parents
- Jagriti – the women's mentorship and leadership development programme

These initiatives help create an environment where employees can pursue professional aspirations while balancing personal responsibilities with confidence.

Strengthening Employee Experience and Wellbeing

Employee wellbeing remains central to the Company's people strategy. Through its WE CARE framework, built around Wellness, Experience, Conversation, Alignment, Recognition and Entertainment, Avanse seeks to create an engaging, supportive and inclusive workplace experience.





During the year, employees participated in a wide range of engagement, wellness and collaboration initiatives, including leadership connect sessions, annual business meets, health and wellness programmes, team-building activities and employee engagement forums.

Family-focused initiatives such as Family Day, Diwali celebrations and Family Fiesta further strengthened the sense of community across the organisation by bringing employees and their families together to celebrate shared success.

The positive impact of these efforts was reflected in strong employee engagement outcomes, with organisational pulse surveys indicating high levels of satisfaction, alignment and workplace wellbeing.

Recognising Performance and Contribution

Avanse believes that a culture of meritocracy is essential for sustained organisational excellence. The Company's structured Reward and Recognition framework ensures that performance, contribution and commitment are consistently acknowledged through a transparent and objective process.

Employees were recognised across multiple platforms during the year, including:

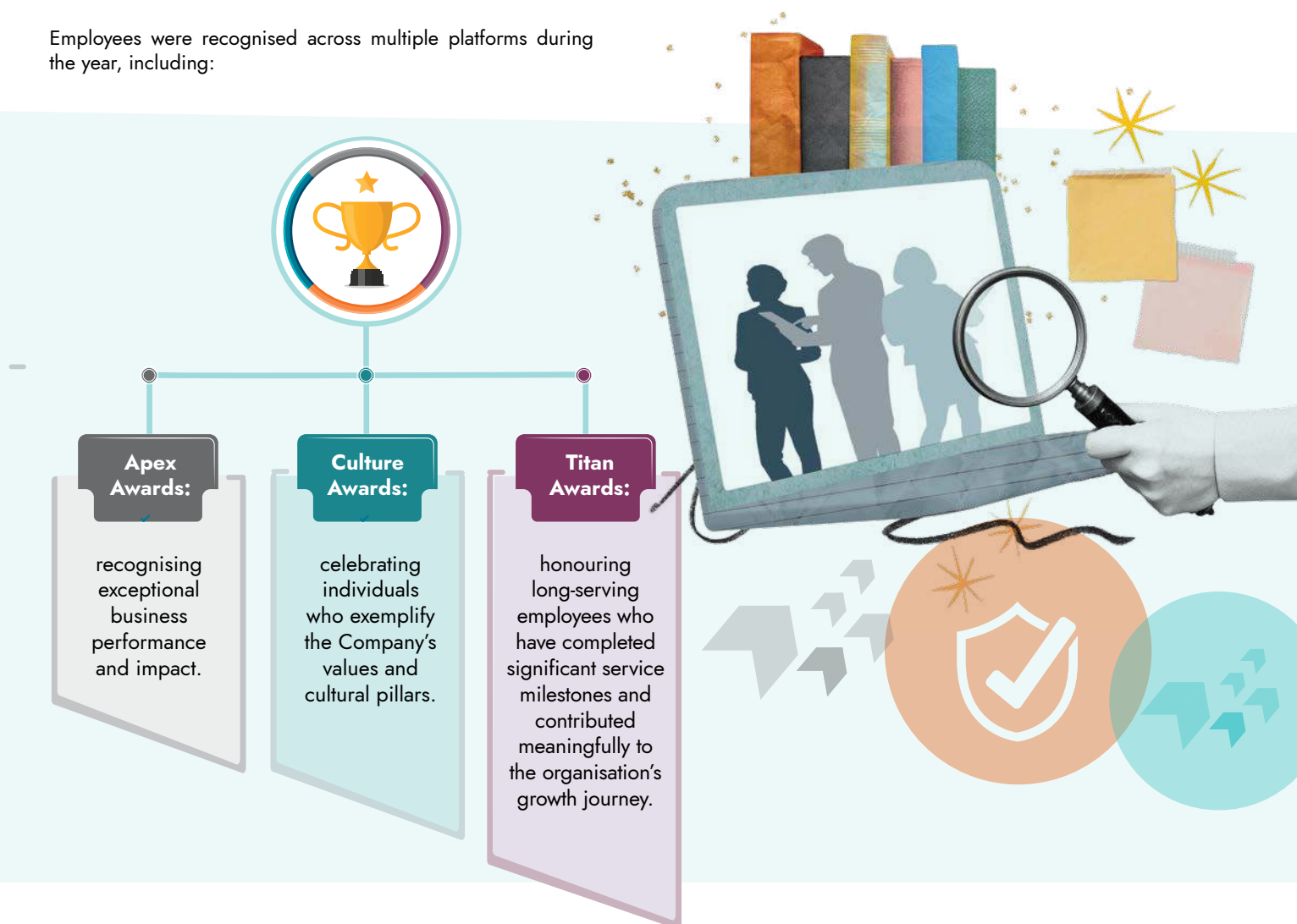
During the year, approximately one-third of the workforce was recognised through various reward and recognition programmes, reinforcing a culture where excellence is valued and celebrated.

Investing in a Future-Ready Workforce

As Avanse continues to expand its role within India's education financing ecosystem, strengthening organisational capability remains a strategic priority.

The Company continues to invest in learning, leadership development, employee wellbeing and inclusive workplace practices to build a resilient, future-ready workforce. By creating an environment where people can continuously learn, grow and perform at their best, Avanse is strengthening the foundation for sustainable value creation.

Because when individuals are empowered with opportunities to learn and develop, they are better positioned to realise their potential, contribute with confidence and help create a lasting impact for learners, institutions and communities alike.



Corporate Social Responsibility - Extending the Freedom to Learn Beyond the Classroom

At Avanse, we believe education is one of the greatest enablers of opportunity. It empowers individuals to realise their potential, build meaningful careers and create lasting change within their families and communities. However, access to quality education should never be determined by financial or social circumstances.

Guided by this belief, Avanse's Corporate Social Responsibility initiatives seek to make education more accessible for underserved learners across India. Through partnerships with credible non-profit organisations, the Company invests in programmes that strengthen school education, enable access to higher education, develop future-ready skills, and create learning environments where every learner has the opportunity to thrive.

In doing so, Avanse extends its purpose beyond education financing — helping more individuals experience the freedom to learn and build the confidence to shape brighter futures.



Impact at a Glance

9,000+

beneficiaries reached
through CSR initiatives
during FY26



5,300+

beneficiaries supported
through long-term education-
focused programmes



300+

educators and teachers
supported through capacity-
building interventions



1,500+

learners expected to
benefit from educational
infrastructure initiatives



170+

employee volunteers
engaged across 11 locations



3,300+

beneficiaries reached
through employee
volunteering initiatives



Meljol

Akshar Mitr: A Holistic Child Development Initiative

Avanse, in partnership with Meljol, focuses on a holistic education initiative designed to foster a child-friendly learning environment that addresses students' academic, physical, and socio-emotional needs. The project focuses on boosting the academic proficiency of Grades 9 and 10 in core subjects, implementing crucial health interventions such as eye care and hygiene awareness, and empowering both students and educators through life skills, career guidance, and inclusive training methodologies. Together, Avanse and Meljol aim to equip youth with the essential tools and support systems needed to make informed decisions and secure a brighter future.



Translating this vision into measurable impact, the initiative supported over 1,000 adolescents across government schools by successfully combining these academic reinforcements, health interventions, career guidance, and life skills modules. As a direct result of this comprehensive approach, nearly 99% of participating students underwent vital health screenings. On the academic front, the programme's rigorous support led to exceptional outcomes: 73% of Secondary School Certificate (SSC) students secured a Second Class or above, with 62 students achieving First Class or Distinction. Furthermore, the initiative ensured long-term sustainability by actively strengthening local teacher capabilities through advanced, child-centred learning methodologies.

Muktangan Education Trust

Integrated School Education Programme

Through its partnership with Muktangan, Avanse Financial Services supports a comprehensive, inclusive, English-medium education model that empowers children from underserved communities in Mumbai. The initiative blends active, constructive pedagogy in core subjects like English, Mathematics, Science, and Social Sciences with robust socio-emotional development through sports, arts, ICT, and Quality Circle Time. Annually educating 950 students holistically, the programme also drives ecosystem-wide change by training 500 in-service teachers, guiding pre-service trainees through intensive fieldwork, and implementing Municipal Corporation of Greater Mumbai (MCGM) outreach programmes that serve as a demonstration model for government advocacy and sustainable community impact.



The transformative power of this holistic approach was demonstrated in the SSC 2025-26 board examinations, where Muktangan achieved an outstanding overall pass percentage of 99.64%, enabling 45 to 60 students annually to seamlessly transition into higher secondary education. An impressive 238 students (85.61%) secured a First Class and above, with the Globe Mill English School campus recording a perfect 100% pass rate, including 19 students scoring above 85% and 4 exceeding 90%. Backed by a strong alumni engagement programme that provides career development and scholarships, these remarkable outcomes go far beyond academics, equipping young individuals with the confidence, critical thinking, and communication skills needed to shatter socio-economic barriers and inspire lasting change in their communities.

Purkal Youth Development Society

Education and Holistic Care for Deserving Students

Avanse Financial Services supports a transformative, life-skills-centred education and holistic care initiative providing immersive learning to 85 high-potential children from rural, underprivileged backgrounds in Uttarakhand. To actively counter gender inequality, two-thirds of the programme beneficiaries are girls, all of whom engage in a progressive, STEM-backed, art-integrated, and cross-curricular experiential learning model. The project ensures long-term educational stability and high student performance by covering all essential living and learning needs, including safe transportation, hostel accommodation, optimal nutrition, comprehensive healthcare, uniforms, and books, while partnering closely with parents to secure future employability for every student.



PRIDE India

Enhancing Rural Education Through a Holistic Approach Centred on Child Development

Aligned with the National Education Policy (NEP) 2020, Avanse Financial Services supports a rural education initiative designed to make learning more interactive and inclusive. The project focuses on improving foundational reading and math skills, STEM education, digital literacy, and life skills through fun, activity-based methods. By training teachers and involving parents through School Management Committees, the initiative bridges rural learning gaps to create a safe, supportive, and healthy environment where every child can thrive.

The success of this comprehensive approach is highlighted by breakthrough achievements across academics, science, and sports. Schools in Sakadi and Nigdi earned the prestigious Super NIPUN School Recognition by achieving an 80%+ student proficiency rate in foundational skills, while targeted test-prep mentoring empowered 13 rural students to qualify for the national Navodaya (JNVST) examinations. As part of the STEM innovation programme, ~1,053 students engaged through experiential learning and set benchmarks by participating in block science exhibitions.



IIM Ahmedabad Alumni Association Hyderabad Chapter Charitable Trust (IIMAAHCCT)

Udbhav Schools

Avanse's Udbhav School initiative, in partnership with the IIM Ahmedabad Alumni Association Hyderabad Chapter Charitable Trust (IIMAAHCCT), is a high-quality, pocket-friendly model that provides holistic education to children from underserved urban communities. To bridge socio-economic gaps, the school keeps its fee structure at 25% to 33% of the rates charged by neighbourhood private schools. It keeps costs per child low while investing heavily in highly motivated, well-paid teachers and robust teacher training. With advanced learning technologies across digital classrooms, modern libraries, computer labs, and a premium sanitation infrastructure, the school aims for high academic benchmarks, including a goal of getting 75% of Class X students to achieve an 8 CGPA or above. Balancing rigorous academics with all-round development, the project integrates life skills, career counselling, psychological support, health camps, and co-curricular programmes to prepare youth for real-world success.



The success of this model is reflected in the extraordinary achievements of students from Rasoolpura, Hyderabad, across digital literacy, civic safety, and international sports. Integrating the digital PrepMySkills platform has significantly boosted student confidence, communication, and logical thinking, while structured traffic awareness campaigns have equipped them with vital pedestrian safety skills to navigate high-density commuter risks. Beyond the classroom, a foundational partnership with the Yacht Club of Hyderabad (YCH) has enabled underprivileged students to dominate youth sailing globally.

Opening Doors to Higher Education

Dakshana India Educational Trust Fund

Sponsorship and Mentorship Programme (SAMP)

Avanse Financial Services supports a fully residential coaching programme designed to bridge the opportunity gap for high-potential students from economically weaker sections. Targeting bright scholars from families with an annual household income below ₹2 lakh, the initiative completely sponsors intensive, residential test-preparation for elite engineering and medical entrance examinations (JEE and NEET).

The Company supported 46 scholars from economically disadvantaged families, helping talented students prepare for admission into India's premier engineering and medical institutions and creating pathways out of generational poverty.



Samarthanam Trust for the Disabled

Empowering Differently-Abled Learners by Facilitating Higher Education



Avanse Financial Services, in partnership with Samarthanam, supports a specialised Higher Education programme designed to empower underprivileged and disabled youth to achieve complete independence and self-sustenance. The initiative removes critical financial and geographical barriers by providing comprehensive scholarships and free accommodation facilities to students pursuing education beyond the 10th grade. Alongside their core academics, the programme fosters holistic development by providing training in life and soft skills, as well as computer literacy, while actively encouraging participation in sports, arts, and cultural platforms to ensure students are fully equipped for future professional success.

The initiative enabled 177 differently-abled and underprivileged students to pursue higher education through scholarships, accessible accommodation, assistive technology, life skills training and career guidance, empowering them to become independent and self-reliant.



International Foundation for Research & Education (IFRE)

Financial Aid for Deserving Women at Ashoka University



Avanse Financial Services, in partnership with Ashoka University, provides critical financial support to deserving and meritorious female students to ensure access to world-class higher education. Driven by a commitment



to true inclusivity, the programme offers equal opportunity to high-quality academic pathways for talented young women, irrespective of ethnicity, gender identity, disability, or socio-economic background. By removing financial barriers, this initiative empowers future female leaders with the resources, diverse ecosystem, and elite training needed to achieve their full potential.

This initiative successfully extended full financial support to five deserving young women from economically disadvantaged backgrounds during the year. This targeted support has enabled these scholars to pursue a premium, multidisciplinary education at Ashoka University, setting them on a definitive path toward academic excellence, self-reliance, and long-term professional success.

Building Skills for Tomorrow

Hope Foundation

AWS re/Start Cloud Skills Programme



Bridging the digital divide in India's rapidly growing tech sector, Avanse Financial Services supports a specialised educational initiative designed to train underserved youth from Mumbai and Bangalore in high-demand cloud computing skills. Utilising the AWS re/Start curriculum over a three-month hybrid learning model, the programme combines intensive AWS technical modules with hands-on practical labs to build job-ready competencies. To ensure comprehensive career readiness, the project integrates critical life competency training, focusing on goal setting, resume building, interview preparation, and critical thinking, while providing dedicated placement support to connect successful candidates with entry-level cloud roles and sustainable tech livelihoods.

The programme trained underserved youth in cloud computing and employability skills, preparing them for careers in the digital economy. Of the 159 learners trained, over 40% secured employment, joining organisations such as TCS, Tech Mahindra, HDFC Bank, IDFC Bank, Amazon, and other leading employers.

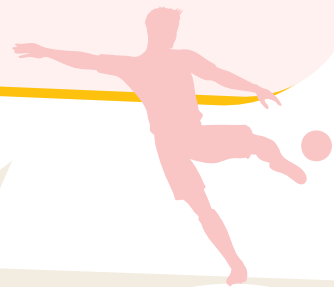
OSCAR Foundation

Lakshya Excellence Project

Leveraging the power of sports to drive social change, Avanse Financial Services supports the Oscar Foundation's Lakshya Excellence Project, a specialised educational initiative that equips children and young people aged 8 to 18 from low-income communities with essential life skills through the medium of football. The programme seamlessly integrates structured athletic training with interactive life skills modules, mentorship, gender-awareness sessions, and vital education on sexual and reproductive health and rights (SRHR) and menstrual hygiene management (MHM). By fostering strong parental engagement and organising regional tournaments, the project actively addresses high dropout rates and gender disparities, building the resilience youth need to stay in school, make informed life choices, and emerge as confident role models within their communities.



The initiative successfully empowered 120 young athletes from underserved communities over the past year. The extraordinary impact of this athletic-academic approach was highlighted on the national stage when the U-14 Boys team qualified for the prestigious AIFF Sub-Junior National League. Furthermore, the programme's broader reach enabled standout participants to represent OSCAR at high-level national tournaments and international exchange programmes, proving that equal-opportunity sports training can unlock world-class leadership and global exposure for underserved youth.



Investing in India's Learning Infrastructure

IFRE (International Foundation for Research & Education)

Co-Building Ashoka University

Investing in the foundational infrastructure of Indian higher education, Avanse Financial Services supports the "Build Ashoka" campus expansion initiative in partnership with the International Foundation for Research & Education (IFRE). As India's premier multidisciplinary institution for humanities, social sciences, and natural sciences, Ashoka University is scaling its physical footprint from 25 acres to a state-of-the-art 93-acre campus. This project directly funds advanced academic buildings to support the rapid expansion of students, expanded science laboratories, and new research-focused Centres of Excellence.



Avanse contributed towards the development of Ashoka University's new North Campus, supporting the expansion of academic infrastructure that is expected to benefit approximately 1,500 learners through enhanced teaching, research and multidisciplinary learning facilities.

Employees Creating Social Impact

Our commitment to education extends beyond our CSR programmes through the passion and participation of our employees.

During the year, over 170 Avanse volunteers contributed their time across 11 locations, positively impacting more than 3,300 beneficiaries through educational initiatives, mentoring sessions, community engagement programmes, blood donation drives and Daan Utsav campaigns.

Together, these efforts reflect our shared belief that creating opportunities begins with giving back to the communities we serve.

Recognised for Empowering Aspirations

Milestones of Impact



Management Discussion & Analysis Report

Macroeconomic Overview

Global Economic Landscape

The global economy entered 2026 amidst a complex and evolving macroeconomic environment. While inflationary pressures that characterised the post-pandemic period have eased across several major economies, growth momentum remains constrained by geopolitical uncertainty, fragmented trade dynamics, elevated public debt levels and subdued investment activity.

According to the United Nations' World Economic Situation and Prospects 2026, global economic growth is projected at 2.7% in 2026 and 2.9% in 2027, remaining below the pre-pandemic average growth rate of 3.2%¹. The report notes that rising trade barriers, policy uncertainty, fiscal constraints and weaker productivity growth continue to weigh on the global outlook, resulting in a slower and more uneven recovery across regions.

The operating environment for businesses and financial institutions is therefore being shaped by a combination of moderating inflation, cautious monetary policies, evolving geopolitical realities and changing trade relationships. As nations increasingly focus on strengthening domestic resilience and economic competitiveness, global growth is becoming more dependent on country-specific structural strengths and policy responses.

Global Economy Navigating Geopolitical Uncertainty

Geopolitical developments continue to influence economic outcomes across markets. Trade realignments, supply-chain diversification efforts, strategic competition among major economies and ongoing regional conflicts have contributed to elevated uncertainty in global commerce and investment flows.

The resulting environment has led businesses and investors to reassess supply chains, capital allocation decisions and long-term investment strategies. At the same time, increasing trade restrictions and policy interventions have added complexity to cross-border economic activity. According to the United Nations, persistent uncertainty surrounding global trade and geopolitical developments remains one of the key risks to medium-term economic growth².

Global trade growth has moderated compared to historical averages, while capital flows have become increasingly sensitive to shifts in monetary policy expectations and geopolitical developments. These trends have reinforced the importance of domestic demand, policy stability and economic diversification as critical drivers of sustainable growth.



¹ <https://unctad.org/publication/world-economic-situation-and-prospects-2026>

² <https://unctad.org/publication/world-economic-situation-and-prospects-2026>



Although the global economy has demonstrated resilience in navigating multiple external shocks over the past few years, the persistence of geopolitical uncertainty continues to limit the pace of recovery and remains a key factor influencing business sentiment worldwide.

Slower Growth Across Developed Markets

Economic growth across several advanced economies is expected to remain modest as policymakers continue balancing inflation management with growth objectives.

The International Monetary Fund (IMF) has highlighted that growth across advanced economies is likely to remain below long-term averages due to weaker consumer demand, softening labour markets, lower investment activity and the lingering effects of tighter financial conditions³. Similarly, the World Bank has observed that economic expansion across several developed markets remains constrained by structural challenges, elevated debt burdens and persistent uncertainty surrounding trade and fiscal policies⁴.

While inflation has moderated significantly compared to recent peaks, economic activity in many developed economies has yet to regain strong momentum. Consumer spending patterns have become more selective, business investment decisions remain cautious, and manufacturing activity has continued to face periodic weakness in several regions.

For emerging economies, this moderation in growth across developed markets presents both opportunities and challenges. While global supply-chain diversification and shifting investment flows can create new avenues for growth, weaker external demand may affect exports and international capital flows. Consequently, domestic consumption, infrastructure investment and structural reforms are becoming increasingly important drivers of economic resilience and long-term growth.

Central Banks Maintaining a Cautious Monetary Stance

The moderation in inflation across major economies has provided policymakers with greater flexibility than in previous years. However, central banks have largely adopted a measured and data-driven approach to monetary policy, reflecting the need to balance growth support with price stability.

Despite inflation trending lower, policymakers remain mindful of potential risks arising from commodity price volatility, geopolitical developments, supply chain disruptions, and financial market uncertainty. As a result, monetary easing cycles have generally been gradual rather than aggressive, with central banks prioritising stability and policy flexibility.

This cautious approach reflects a broader recognition that while inflationary pressures have receded, the global economic

environment remains vulnerable to sudden external shocks. Consequently, interest rate decisions continue to be guided by evolving economic data and assessments of medium-term risks rather than short-term growth considerations alone.

A similar trend has been visible in India. Supported by moderating inflation and stable macroeconomic fundamentals, the Reserve Bank of India (RBI) has maintained a calibrated approach towards monetary policy. According to a Reuters survey of economists, RBI is expected to keep the repo rate broadly stable at 5.25% through 2026 as it evaluates the impact of previous policy actions and evolving domestic and global economic conditions⁵.

The prevailing global monetary environment therefore reflects a transition from inflation-fighting measures towards maintaining macroeconomic stability. While monetary conditions have become more supportive compared to the recent past, policymakers across jurisdictions continue to prioritise prudence amid an uncertain global backdrop.

Against this backdrop of slower global growth, elevated geopolitical uncertainty and cautious monetary conditions, India continues to distinguish itself as one of the fastest-growing major economies in the world. Strong domestic demand, sustained public investment, a resilient financial system and favourable demographic fundamentals position the country to maintain its growth momentum even as the global economy navigates a period of heightened uncertainty.



³<https://www.imf.org/external/datamapper/datasets/WEO>

⁴<https://www.worldbank.org/en/news/press-release/2026/01/13/global-economic-prospects-january-2026-press-release>

⁵<https://www.reuters.com/world/india/rbi-keep-interest-rates-steady-525-through-2026-2026-01-29/>

India - A Structural Growth Story

India's economic growth story is increasingly being shaped by structural factors rather than cyclical tailwinds. Rising household incomes, accelerating formalisation of the economy, rapid digital adoption, expanding financial inclusion and sustained public investment are collectively strengthening the country's long-term growth foundations.

The Economic Survey 2025–26 identifies investment, productivity enhancement and institutional strengthening as key drivers of India's economic transformation⁶. The survey also highlights the critical role of monetary management and financial intermediation in supporting economic activity, facilitating capital formation and enabling broader participation in the formal economy.

India's growth trajectory is being reinforced by the continued expansion of its consumption base, increasing urbanisation, rising aspirations and the growing integration of technology across sectors. As more individuals, households and businesses enter the formal financial ecosystem, demand for credit, savings, investment and insurance products continues to deepen.

Simultaneously, the country's digital public infrastructure has emerged as a powerful enabler of economic participation. Initiatives spanning digital identity, payments infrastructure and data-sharing frameworks have transformed the delivery of financial services, making them more accessible, efficient and scalable. The widespread adoption of digital payments, particularly through the Unified Payments Interface (UPI), reflects the increasing formalisation of economic activity and the growing reliance on technology-led financial ecosystems.

The Economic Survey 2025–26 further highlights the growing depth of India's financial architecture through sustained growth in bank deposits, credit expansion, digital transactions and capital market activity⁷. These developments underscore the evolution of India's financial system from a predominantly bank-led structure to a more diversified ecosystem supported by multiple funding channels, digital platforms and specialised financial intermediaries.

As India's economy continues to expand, financial intermediation will remain a critical catalyst in translating growth opportunities into productive outcomes. The increasing need for credit across households, businesses and institutions is expected to create significant opportunities for lenders that possess strong domain expertise, prudent risk management capabilities and scalable operating models.



⁶ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219907&reg=48&lang=2>

⁷ <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap03.pdf>



Implications for the Financial Services Sector

Creating Financial Freedom Through Inclusive NBFC Lending

India's financial services sector continues to evolve rapidly, driven by changing customer expectations, technological advancements and the growing need for specialised credit solutions. Within this ecosystem, Non-Banking Financial Companies (NBFCs) play a vital role by serving borrower segments that often remain underserved by traditional banking institutions⁸.

NBFCs have emerged as important enablers of credit access across sectors such as MSMEs, education financing, vehicle financing, rural lending and other specialised segments. Their ability to design tailored products, address niche customer requirements and provide flexible financing solutions has strengthened their relevance within India's broader financial ecosystem.

As the sector matures, growth is increasingly being accompanied by a greater focus on asset quality, liquidity management, governance standards and risk-adjusted expansion. This evolution reflects the broader shift towards building sustainable and resilient lending institutions capable of supporting long-term economic growth.

Unlocking Opportunity Through Specialised Lending Models

The Indian lending landscape is gradually moving beyond broad-based credit expansion towards specialised lending models that cater to distinct customer segments and financing needs.

Rather than relying on standardised lending approaches, financial institutions are increasingly building sector-specific expertise, enabling them to better understand borrower behaviour, assess risk more accurately and develop customised financing solutions. Specialised lending models have gained prominence across segments such as education financing, MSME lending, supply-chain finance, affordable housing, consumer finance and vehicle financing.

This shift reflects the growing sophistication of India's credit ecosystem. Institutions with deep domain expertise are better positioned to evaluate borrower profiles, identify emerging opportunities and create differentiated customer experiences while maintaining portfolio quality and operational efficiency.

Enabling Faster Access Through Digital Underwriting

Technology is increasingly reshaping the way financial institutions originate, assess and service credit.

Traditionally, lending decisions relied heavily on historical credit bureau data and physical documentation. Today, lenders are leveraging a broader set of data points, including banking transactions, GST records, tax filings, digital payment behaviour, and other alternative data sources, to gain a more comprehensive understanding of borrower profiles.

The emergence of digital underwriting frameworks is improving both the speed and accuracy of lending decisions. Enhanced data availability, combined with analytics and automation, is enabling financial institutions to reduce turnaround times, improve customer experience and expand credit access while maintaining prudent risk standards.



⁸<https://www.pwc.in/assets/pdfs/consulting/financial-services/fintech/publications/a-wider-circle-digital-lending-and-the-changing-landscape-of-financial-inclusion.pdf>

The broader policy environment has further accelerated this transition. India's digital public infrastructure and increasing adoption of data-sharing frameworks are supporting faster information exchange, greater transparency and more efficient credit assessment processes across the financial services ecosystem.

Expanding the Freedom to Credit Access Through Technology

One of the most significant developments in India's financial sector has been the expansion of credit access across previously underserved customer segments.

The convergence of digital payments, formal banking access, and technology-enabled underwriting has created new pathways for evaluating borrowers with limited traditional credit histories. This has enabled financial institutions to serve customers across tier II, tier III and beyond markets more effectively while supporting broader financial inclusion objectives.

Rather than relying solely on conventional credit assessment models, lenders are increasingly adopting cash-flow-based, data-driven approaches to evaluate borrowers' repayment capacity. This has helped widen access to formal credit while preserving underwriting discipline and portfolio quality.

Strengthening Foundations Through Diversified Funding

As India's financial ecosystem matures, funding diversification is becoming increasingly important for long-term sustainability and resilience.

The Economic Survey 2025–26 highlights the growing role of both traditional banking channels and capital-market-based funding mechanisms in supporting economic growth⁹. The continued development of corporate bond markets and alternative funding avenues is enabling financial institutions to access a broader range of capital sources¹⁰.

For NBFCs, diversified funding structures help reduce concentration risks, strengthen liquidity management capabilities and improve resilience across economic cycles. Access to multiple funding channels also enhances operational flexibility and supports sustainable business expansion.

Empowering Growth Through Intelligent Risk Management

Technology is not only transforming customer acquisition and underwriting but also strengthening risk management frameworks across the financial services sector.

Advanced analytics, machine learning models and automated monitoring systems are enabling lenders to move beyond static risk assessment methodologies towards more dynamic and predictive approaches¹¹. By incorporating real-time data and behavioural indicators into decision-making processes, institutions can identify emerging risks earlier, improve portfolio monitoring and strengthen collection effectiveness.

As lending ecosystems become increasingly data-driven, competitive advantage is likely to accrue to institutions that successfully combine technological capabilities with strong governance, disciplined underwriting practices and robust risk management frameworks.

The Road Ahead: A More Inclusive and Resilient Financial Ecosystem

India's financial services sector is undergoing a structural transformation characterised by greater formalisation, deeper financial inclusion, increased digitalisation and the emergence of specialised lending models. The combination of strong economic fundamentals, expanding digital infrastructure and growing credit demand is creating significant opportunities for financial institutions across segments.

At the same time, the sector's next phase of growth is expected to be defined not merely by scale, but by the ability to balance innovation with prudence. Institutions that combine customer-centricity, technological excellence, funding diversification and disciplined risk management are likely to be best positioned to participate in India's long-term financial deepening journey.



⁹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220005&reg=48&lang=2>

¹⁰<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219998&reg=48&lang=2>

¹¹<https://www.pwc.in/assets/pdfs/consulting/financial-services/fintech/publications/a-wider-circle-digital-lending-and-the-changing-landscape-of-financial-inclusion.pdf>

India's Education & Education Financing Opportunity

Education as a Strategic Growth Engine

Education has long been one of India's most powerful instruments of social mobility, economic progress and nation-building. As the country advances toward its aspiration of becoming a developed economy by 2047, investment in human capital is emerging as a critical determinant of long-term competitiveness. A young population, evolving workforce requirements, rising aspirations and supportive government policies are collectively transforming education into one of India's most significant structural growth opportunities.

India's education ecosystem today extends far beyond traditional classroom learning. It encompasses school education, higher education, vocational training, skilling and reskilling programmes, executive education, professional certifications, test preparation services and lifelong learning initiatives. As learners increasingly seek specialised knowledge and globally relevant skills, the demand for quality educational opportunities continues to expand across age groups, geographies and income segments.

The Government of India continues to place strong emphasis on improving educational access, quality and employability outcomes. The Economic Survey 2025–26 highlights education as a key pillar of human capital development and productivity enhancement, while reforms under the National Education Policy (NEP) 2020 continue to strengthen the education ecosystem and improve learning outcomes across the education value chain¹².

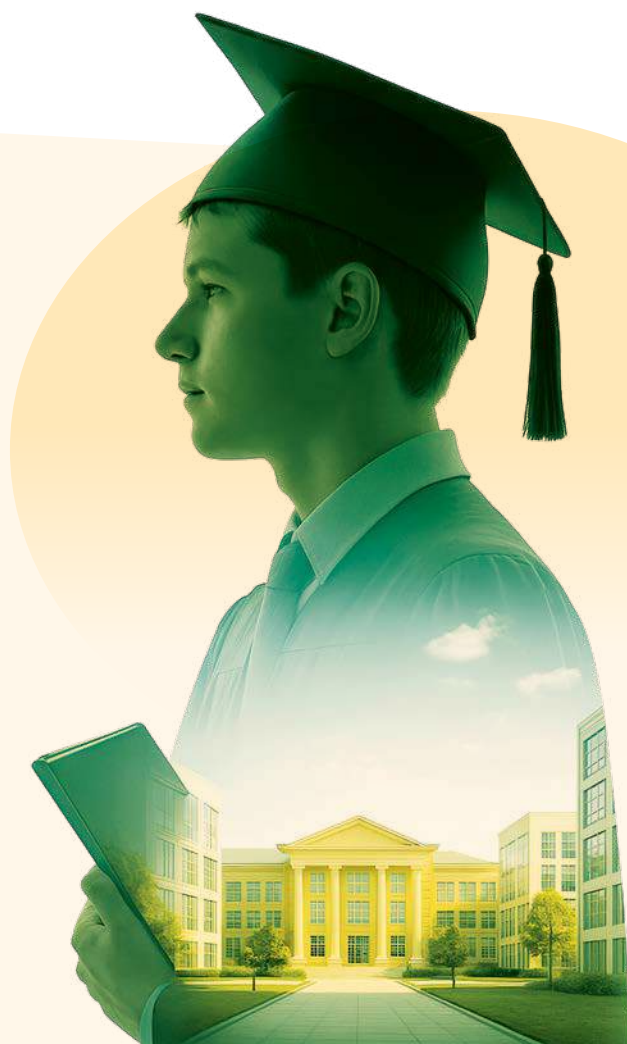
India's higher education sector has witnessed sustained expansion over the past decade. According to the All India Survey on Higher Education (AISHE), student enrolment in higher education increased from approximately 3.42 crore in 2014–15 to over 4.33 crore in 2021–22, while the Gross Enrolment Ratio (GER) for the 18–23 age group improved from 23.7% to 28.4% during the same period¹³. This growth reflects rising awareness of the importance of higher education, increased participation across demographics and improved educational access nationwide.

The Evolving Global Education Landscape

Alongside the expansion of domestic higher education, international education continues to be a significant aspiration for Indian students. Traditionally, countries such as the United States, the United Kingdom, Canada, Australia, and Germany have remained the preferred destinations due to their globally renowned universities, diverse academic offerings, strong research ecosystems, and attractive post-study opportunities.

However, the global education landscape is undergoing a meaningful transformation. While these traditional destinations continue to attract a significant share of international students, emerging education hubs are steadily gaining prominence. The study-abroad market is gradually evolving from a concentration around the traditional "Big Five" destinations towards a broader "Big Fifteen" opportunity set. Alongside established destinations, countries such as Ireland, France, New Zealand, the UAE, South Korea, Japan, Singapore, Finland, Norway and Denmark are increasingly attracting students seeking specialised programmes, industry-aligned curricula and diversified pathways to global careers¹⁴.

This evolution reflects changing student priorities. While return on investment remains an important consideration, students and families are increasingly evaluating educational opportunities through the lens of long-term career outcomes, employability, and global exposure. The focus is gradually shifting from destination loyalty to career-goal loyalty, with learners selecting institutions and geographies that best align with their professional aspirations and future opportunities.



¹²<https://www.pib.gov.in/economicsurvey/2026/en/index.aspx?reg=48&lang=2>

¹³<https://aishe.gov.in/aishe-final-report/>

¹⁴<https://www.hindustantimes.com/education/study-abroad/study-abroad-trends-how-2025-preferences-will-shift-dramatically-in-2026-101765185244325.html>



Social acceptance and inclusivity have also emerged as important decision-making factors. Beyond academic rankings, students are increasingly evaluating destinations based on safety, quality of life, cultural integration and the overall support available to international students. Countries such as Japan and Germany are becoming increasingly attractive due to their efforts to create more inclusive ecosystems through progressive immigration frameworks, welcoming cultural environments and enhanced support structures for international learners¹⁵.

As global education pathways continue to diversify, Indian students are expected to have access to a broader range of destinations, programmes and career opportunities, creating new avenues for growth within the education financing ecosystem.

Internationalisation of Higher Education in India

At the same time, India is witnessing a parallel transformation through the internationalisation of its own higher education ecosystem. In line with the vision of NEP 2020, regulatory reforms introduced under the UGC Regulations, 2023, now permit leading international universities to establish independent campuses in India¹⁶.

This marks a significant milestone in India's educational journey. The University of Southampton has become the first foreign university to establish a full-fledged campus in India, while Australian institutions such as Deakin University and the University of Wollongong have launched campuses in GIFT City, Gujarat, offering specialised programmes in areas such as finance, technology and analytics¹⁷.

These developments are expected to expand access to globally recognised education, increase academic collaboration, strengthen knowledge exchange and create new opportunities for students seeking international-quality education closer to home. Over time, they are also expected to reinforce India's position as an emerging destination within the global higher education landscape.

The Rise of Lifelong Learning and Skill Development

Beyond traditional degrees, the demand for skilling, upskilling, and reskilling in India is growing rapidly. Accelerated by fast-paced technological advancements and digital transformation, continuous learning has become essential for career growth. Artificial intelligence adoption and evolving employer expectations are driving demand for industry-aligned certifications, technology-focused courses and professional development programmes that help individuals remain competitive in a dynamic employment landscape.

The Government's continued focus on employability and workforce readiness further strengthens this opportunity. The Union Budget 2025–26 reiterated investments in education, skilling, innovation and human capital development, recognising these areas as critical enablers of long-term economic growth¹⁸.

Education Financing: Enabling Access and Aspirations

The education opportunity extends beyond individual learners. Educational institutions across India are expanding capacity, modernising infrastructure and investing in technology-enabled learning environments to meet rising demand. Schools, colleges, universities and training institutes increasingly require capital for campus expansion, digital infrastructure, research facilities and student-centric services, creating significant opportunities within the broader education financing ecosystem.

As education increasingly comes to be viewed as an investment in future potential rather than an expenditure, access to timely and appropriate financing becomes critical. Education financing is therefore emerging as an essential enabler of India's human capital development journey, helping bridge affordability gaps, expand access to quality learning opportunities and empower learners to pursue their aspirations with confidence, both in India and across the world.

Supported by favourable demographics, rising educational aspirations, increasing international mobility, expanding skilling requirements and continued policy support, the long-term outlook for India's education and education financing ecosystem remains highly compelling.



¹⁵<https://timesofindia.indiatimes.com/education/study-abroad/over-7-6-lakh-indian-students-went-abroad-last-year-reveals-government-data-stem-ai-and-ambition-driving-the-exodus/articleshow/123399661.cms>

¹⁶https://niti.gov.in/sites/default/files/2025-12/Internationalisation_of_Higher_Education_in_India_Report.pdf

¹⁷https://niti.gov.in/sites/default/files/2025-12/Internationalisation_of_Higher_Education_in_India_Report.pdf

¹⁸<https://www.indiabudget.gov.in/doc/impbud2025-26.pdf>

The Education Financing Market – A Large and Expanding Opportunity.

India's education financing market continues to demonstrate strong structural growth, supported by rising educational aspirations, increasing education costs, expanding participation in higher education and growing demand for international education opportunities.

According to the CRIF Education Loan Industry Report, the education loan industry's Assets Under Management (AUM) stood at approximately ₹2.5 lakh crore as of March 2026, registering year-on-year growth of 14.2%. Industry-wide disbursements during FY26 were approximately ₹80,000 crore, reflecting continued demand across domestic and overseas education segments.

The overseas education financing segment remains one of the most significant contributors to industry growth. For education loans above ₹15 lakh, which largely represent overseas higher education financing, industry AUM reached approximately ₹1.78 lakh crore and continued to witness steady expansion during the year. The segment benefits from increasing student mobility, rising acceptance of international qualifications and growing demand for specialised programmes aligned with global employment opportunities.

Despite the sector's strong growth trajectory, education loan penetration in India remains relatively low compared to the size of the addressable education market. A significant proportion of students continue to rely on personal savings, family resources or informal funding arrangements to finance their education. This highlights a substantial opportunity for specialised education-focused lenders to expand access to financing solutions across diverse learner segments.

The education financing landscape has also evolved considerably in recent years. While public sector banks continue to remain important participants, private sector banks and specialised NBFCs are increasingly driving innovation through faster decision-making, customised products, flexible repayment structures, technology-enabled underwriting, and customer-centric servicing models. As a result, education financing is becoming more accessible, efficient and aligned to the evolving needs of learners and educational institutions.

With education increasingly viewed as a long-term investment in employability and future earning potential, the role of specialised financing providers is expected to become even more critical. The sector remains well-positioned to benefit from favourable demographic trends, rising education participation rates, growing international education demand and continued investments in human capital development.



The Sector's Growth Drivers

India's education and education financing sectors are being supported by several long-term structural drivers that are expected to sustain growth over the coming decades.

Human Capital Development as a National Priority

India's policy framework increasingly recognises education as a strategic investment in economic productivity, workforce readiness and global competitiveness. Government initiatives aimed at improving access, quality and affordability continue to strengthen the education ecosystem.

A notable development during the year was the approval of the PM-Vidyalaxmi Scheme, which seeks to expand access to higher education financing by providing collateral-free and guarantor-free education loans to eligible students admitted to quality higher educational institutions. The scheme also incorporates a fully digital application process and targeted interest support for eligible families, reinforcing the Government's commitment to making education more accessible¹⁹.

¹⁹<https://pmvidyalaxmi.co.in/>

Demographic Advantage – Empowering India's Young Aspirations

India remains one of the youngest major economies globally, with a large share of its population in the working-age category. This demographic profile continues to generate significant demand for higher education, professional training and career advancement programmes.

The country's expanding youth population is increasingly aspirational, seeking quality education in India and abroad to enhance employability and access higher-income opportunities. This demographic dividend is expected to remain a major growth driver for the education sector over the coming decades.

Rising Household Aspirations

Economic growth, urbanisation and increasing household incomes have contributed to a significant rise in educational aspirations across the country. Families increasingly view education as a pathway to upward mobility, better career prospects and long-term financial security.

This trend is particularly visible across tier II, tier III and emerging urban centres, where awareness of higher education opportunities and willingness to invest in education continue to grow. The pursuit of specialised degrees, international qualifications and career-oriented programmes is further expanding the addressable market for education financing.

Growth in Higher Education and Global Learning

Demand for higher education continues to remain strong, supported by improving enrolment rates, expanding institutional capacity and increasing participation across disciplines.

At the same time, Indian students continue to demonstrate strong interest in overseas education. While traditional destinations remain important, students are increasingly diversifying their choices based on employability outcomes, academic quality, affordability and post-study opportunities. This evolving landscape continues to support demand for customised education financing solutions.

Skilling, Upskilling and Lifelong Learning – The Rise of Continuous Learning

The emergence of the knowledge economy and rapid technological advancements are reshaping workforce requirements across industries. Continuous learning is becoming essential for professionals seeking to remain relevant in an increasingly competitive labour market.

As a result, demand for vocational programmes, technology certifications, executive education, digital

skills training and industry-specific learning pathways is rising significantly. Educational financing is increasingly extending beyond conventional degree programmes to support lifelong learning and career progression.

Education Inflation and Affordability Gaps

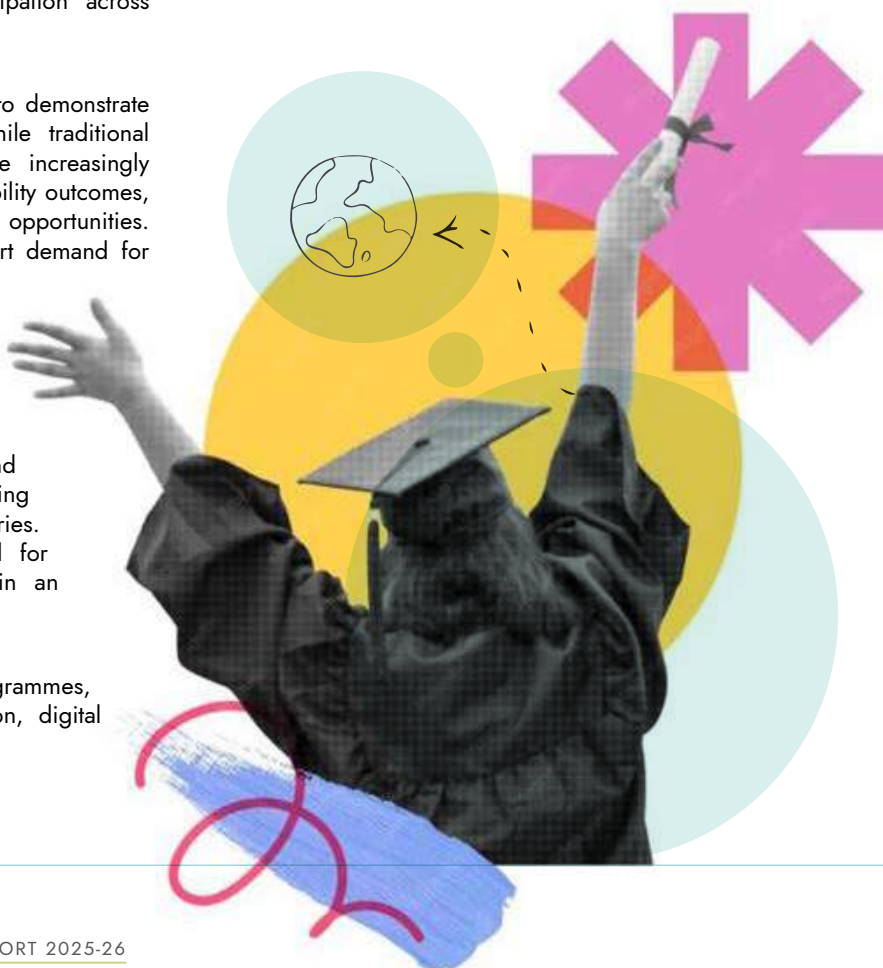
The cost of quality education continues to rise globally across tuition fees, accommodation, travel, technology and related expenses. While the long-term benefits of education remain compelling, affordability challenges have increased for many households.

Education financing helps bridge this gap by enabling students and families to access quality educational opportunities without compromising academic aspirations. As education costs continue to rise, the relevance of specialised financing solutions is expected to increase further.

Expanding Digital Ecosystem - Technology as an Enabler of Learning and Access

Digital transformation is reshaping both education delivery and financing models. Online learning platforms, hybrid education formats, digital classrooms and technology-enabled learning experiences are expanding access and improving flexibility for learners.

Simultaneously, advancements in digital lending infrastructure, data analytics and technology-driven underwriting are enabling faster, more efficient and personalised financing solutions. These developments are improving accessibility while enhancing customer experience across the education financing value chain.





Strengthening Institutions, Enabling Futures

The continued expansion of private educational institutions across schools, colleges, universities and training centres is creating significant demand for capital investments. Educational institutions are increasingly investing in infrastructure, technology, capacity expansion and quality enhancement initiatives to meet growing learner expectations.

According to industry estimates, India's education sector is expected to remain on a double-digit growth trajectory, supported by higher enrolments, increasing demand and capacity expansion across educational institutions²⁰. This creates a substantial opportunity for financing solutions that support both learners and educational institutions.

Our Education Financing Solutions

Education has the power to unlock opportunities, transform aspirations into achievements and shape brighter futures. Through customised education financing solutions, Avanse enables learners and educational institutions to access the resources they need to grow, thrive and realise their full potential.

Student Loans – International

Avanse offers customised education financing solutions for Indian students pursuing undergraduate, postgraduate and specialised programmes overseas. These solutions cover a wide range of education-related expenses, including tuition fees, travel, accommodation, learning resources and other associated costs.

Educational Institution Loans

Avanse provides collateral-backed financing solutions to educational institutions, primarily K-12 schools and other education-focused establishments across India. These solutions support infrastructure development, capacity expansion and working capital requirements.

Education Loans – Domestic

The Company offers customised financing solutions for students pursuing higher education in India. The offering also extends to executive education programmes, skilling, upskilling and reskilling courses, test-preparation programmes, and other learning pathways that support academic and professional growth.

Our Performance Overview

The aspiration to learn continues to grow across India and beyond. As more students seek quality education and educational institutions expand their capacity to nurture

future generations, the need for specialised education financing has become increasingly significant. Guided by its purpose of enabling access to education, Avanse continued to strengthen its position as a leading education-focused NBFC during FY2025-26.

The year was characterised by a dynamic operating environment marked by global economic uncertainty, evolving student mobility trends and changing customer expectations. Despite these conditions, the Company remained focused on its long-term strategy, balancing growth with prudent risk management while continuing to expand access to education financing solutions.

Anchored by deep domain expertise, disciplined underwriting, strong governance practices and technology-led execution, Avanse continued to create sustainable value for all stakeholders. The Company's performance reflects the strength of its specialised business model, its ability to adapt to changing market conditions and its commitment to empowering learners and educational institutions.

Delivering Purpose-Led Growth

Every education loan sanctioned and every institution financed represents an opportunity created. By enabling students to pursue academic aspirations and supporting institutions in strengthening educational infrastructure, the Company continued to translate its purpose into measurable outcomes.

Disbursements during the year amounted to ₹7,019 crore, reflecting continued demand for education financing solutions across domestic, international and institutional segments.

During **FY2025-26**, Assets Under Management (AUM) grew to **₹23,411** crore, reflecting a growth of 1.23x over the previous year. Total revenue increased to **₹2,889** crore, while Profit After Tax stood at **₹598** crore, demonstrating the Company's ability to deliver profitable growth while maintaining a disciplined approach to risk and portfolio quality.



²⁰<https://theprint.in/india/education/indias-education-sector-to-remain-on-double-digit-growth-trajectory-higher-enrolments-fee-hikes/2825083/>

Creating Sustainable Value

The Company's performance continues to be underpinned by a set of enduring strengths that support long-term value creation:

Education-Focused Expertise

A specialised approach to education financing enables deeper understanding of student aspirations, educational institutions and evolving market dynamics, allowing the Company to design customised financing solutions across the education ecosystem.

Prudent Risk Management

A strong governance and risk framework, supported by robust underwriting practices and continuous portfolio monitoring, helps maintain portfolio quality while supporting sustainable growth.

Technology-Led Execution

Investments in digital capabilities, analytics, and process automation continue to enhance the customer experience, improve operational efficiency, and enable faster, data-driven decision-making.

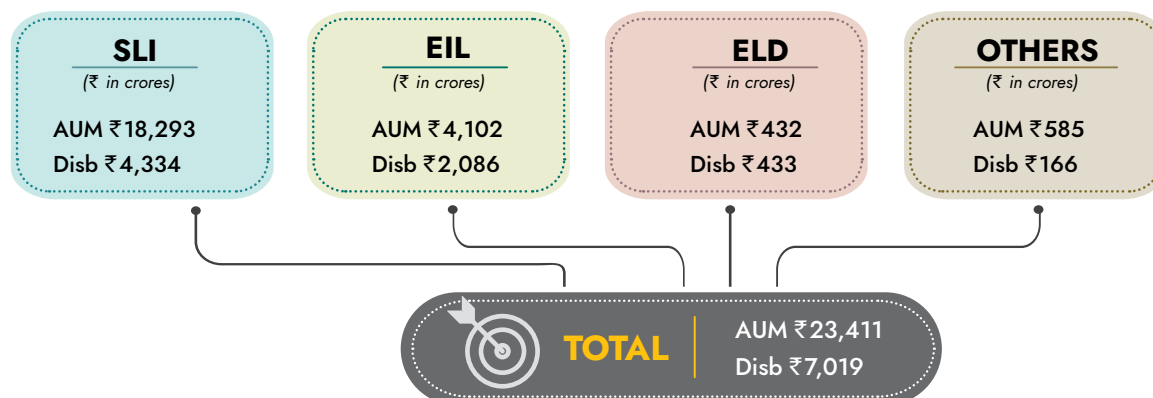
Customer-Centric Approach

By combining technology with personalised engagement, the Company continues to deliver a seamless financing journey for students, parents and educational institutions.



Business Performance Snapshot

Currently, the total AUM stands at ₹23,411 crore and it has disbursed loans worth ₹7,019 crore.



The Company's strong performance during FY26 reflects the continued demand for specialised education financing solutions and the strength of its focused business model. Assets Under Management (AUM) increased to ₹23,411 crore, while annual disbursements grew to a robust ₹7,019 crore.

Student Loans – International continued to be the largest contributor to the portfolio, with an AUM of ₹18,293 crore and disbursements of ₹4,334 crore. Educational Institution Loans recorded an AUM of ₹4,102 crore and disbursements of ₹2,086 crore, reflecting sustained demand from educational institutions seeking to expand capacity and strengthen infrastructure. Education Loans – Domestic contributed an AUM of ₹432 crore and disbursements of ₹433 crore, while other business segments accounted for an AUM of ₹585 crore and disbursements of ₹166 crore.

Enabling Freedom to Learn

The Company's growth represents far more than financial performance. It reflects the aspirations of thousands of learners pursuing educational opportunities in India and across the world, as well as educational institutions investing in infrastructure, innovation and academic excellence.

By supporting both learners and institutions through customised financing solutions, Avanse continues to strengthen the education ecosystem and expand access to opportunity. Every loan disbursed and every institution supported contributes to a larger purpose, enabling the freedom to learn and empowering individuals and institutions with the power to shine.



Drivers of Value Creation

Asset Quality

The freedom to pursue educational aspirations is built on a foundation of disciplined underwriting and prudent portfolio management. At Avanse, asset quality remains a key pillar of sustainable value creation and long-term growth.

The Company follows a comprehensive credit evaluation framework that combines traditional credit assessment parameters with education-specific indicators, such as academic performance, institution quality, programme outcomes, continuity of education, and more. This evaluation enables the Company to generate the student's employability potential score. This differentiated approach enables informed lending decisions while expanding access to deserving students.

Portfolio performance is continuously monitored through structured collection mechanisms, predictive analytics, early warning indicators and risk-based portfolio reviews. These measures facilitate the timely identification of potentially stressed accounts and enable proactive interventions to mitigate losses.

The strength of this approach is reflected in the Company's asset quality metrics. **As of March 31, 2026, the overall Gross NPA remained low at 0.36%, while the Gross NPA for the education-focused portfolio stood at an even lower 0.32%.** The Company also maintained a healthy Provision Coverage Ratio (PCR) of 84% on Stage 3 assets, providing adequate buffers against potential credit losses.

These outcomes reflect the effectiveness of Avanse's underwriting practices, collection capabilities and risk management framework. By maintaining a strong focus on portfolio quality and prudent provisioning, the Company continues to support sustainable growth while preserving the resilience of its balance sheet.

Borrowing

Expanding access to education requires a strong and resilient funding foundation. Avanse continues to follow a liability-first approach, ensuring diversified access to capital, robust liquidity management and long-term balance sheet strength.

Key Tenets & Guiding Principles:

- Maintaining **capital adequacy** in the range of **18% to 20%** on a steady state
- **Diversify liability mix** by including all major banks, capital market players, impact funds/ DFIs & insurance
- Maintain **minimum liquidity for 1.5 – 2 months** of net cash requirement – with well-defined guardrails for deployment of surplus liquidity.
- To raise **long-term low-cost debt**, with an endeavour to improve NIM and efficient ALM management
- Active **engagement** with all stakeholders
- Forging strategic **co-lending partnerships with banks**

During FY26, the Company successfully raised resources through multiple funding channels, including Term Loans, Non-Convertible Debentures (NCDs), External Commercial Borrowings (ECBs), Commercial Papers, Direct Assignment and Co-lending arrangements. This diversified funding strategy enabled Avanse to meet growing demand for education financing while maintaining adequate liquidity and supporting the timely refinancing of maturing obligations.

The Company's borrowing profile remains well diversified, reducing concentration risk and enhancing financial flexibility across market cycles.

As of March 31, 2026:

Total borrowings:
₹18,471 crore,
comprising

Term Loans:
₹10,071 crore
(55% of the
funding mix)

Debt Securities:
₹3,129 crore
(17%)

**External
Commercial
Borrowings:**
₹4,979 crore
(27%)

**Borrowings from
other sources:**
₹292 crore.

The year also witnessed continued momentum in alternative funding channels. Avanse raised incremental ECBs of ₹2,262 crore, including ₹2,152 crore classified under the Social Loan category, further reinforcing the alignment between its funding strategy and educational impact. The Company also continued to leverage Direct Assignment and Co-lending structures, assigning loan pools amounting to ₹1,774 crore and ₹187 crore, respectively, during the year.

Avanse's Strategic Liability Management Priorities

- **Deepening and widening the lender base** to ensure long-term funding sustainability.
- **Diversifying the funding mix** by actively onboarding new categories, such as Impact Funds.
- **Maintaining optimal liquidity** while strictly adhering to a conservative Debt-to-Equity ratio.
- **Driving cost efficiencies in borrowing**, continuously aligned with the strengthening credit ratings.
- **Optimising the borrowing mix through strategic Off-Balance Sheet avenues** to maximise capital efficiency and ensure resilient Asset-Liability Management (ALM).

Supported by a prudent Asset Liability Management (ALM) framework and a long-term borrowing philosophy, Avanse remains well-positioned to fund future growth while preserving financial stability and resilience.

Credit Ratings

The confidence of external stakeholders in Avanse's business model, governance standards and financial strength continued to be reflected in the Company's strong credit ratings during FY26.

Rating Agency	Instrument	Rating
India Ratings	Long Term Bank Facilities	IND AA/Stable
	Non-Convertible Debentures	IND AA/Stable
	Commercial Paper	IND A1+
CRISIL Ratings	Long Term Bank Facilities	CRISIL AA-/ Stable
	Non-Convertible Debentures	CRISIL AA-/ Stable
	Commercial Paper	CRISIL A1+
CARE Ratings	Long Term Bank Facilities	CARE AA-; Stable
	Non-Convertible Debentures	CARE AA-; Stable
	Market Linked Debentures	CARE PP-MLD AA-; Stable
	Subordinate Debt	CARE AA-; Stable
	Commercial Paper	CARE A1+
Brickwork Ratings	Non-Convertible Debentures	BWR AA-/Stable
	Subordinate Debt	
ICRA Ratings	Commercial Paper	ICRA A1+

A significant milestone during the year was the assignment of ratings by India Ratings & Research, which awarded an IND AA/Stable rating for the Company's Bank Loan Facilities and Non-Convertible Debentures, along with the highest short-term rating of IND A1+ for its Commercial Paper Programme.

CRISIL Ratings reaffirmed its ratings of CRISIL AA-/Stable for Long-Term Bank Facilities and Non-Convertible Debentures and CRISIL A1+ for Commercial Paper. During the year, CRISIL also assigned a fresh rating of CRISIL AA-/Stable for Subordinate Debt Borrowings.

CARE Ratings reaffirmed its ratings of CARE AA-/Stable for Long-Term Bank Facilities, Non-Convertible Debentures and Subordinated Debt, while maintaining a rating of CARE PP-MLD AA-/Stable for Market-Linked Debentures and CARE A1+ for Commercial Paper.

ICRA Limited reaffirmed the Company's Commercial Paper Programme rating at ICRA A1+, while Brickwork Ratings reaffirmed its BWR AA-/Stable rating for Long-Term Secured Borrowings, including Non-Convertible Debentures and Subordinated Debt.

These ratings reflect the Company's prudent financial management, healthy capitalisation, strong asset quality, diversified funding profile and established position in the education financing sector. More importantly, they strengthen Avanse's ability to access diversified funding sources, optimise borrowing costs and continue empowering learners and educational institutions through sustainable growth.

Risk Management

As a specialised education-focused NBFC, risk management remains an integral part of Avanse's business strategy and decision-making framework. The Company's Enterprise Risk Management (ERM) framework is designed to identify, assess, monitor and mitigate risks while supporting sustainable growth, operational resilience and regulatory compliance.

The framework is governed through a Board-approved Enterprise Risk Management Policy and supported by a robust risk governance structure, clearly defined accountability mechanisms and continuous monitoring processes. Risk management is embedded across business functions through comprehensive policies, operating procedures and periodic reviews. Each business vertical operates within defined risk tolerance levels aligned with the organisation's strategic objectives and annual planning process.

To ensure proactive risk oversight, the Company follows a rigorous review mechanism supported by regular engagement between business teams and the Risk function. Key risk indicators, emerging trends, geopolitical developments, regulatory changes and portfolio-level developments are continuously monitored to facilitate timely intervention and informed decision-making.

Risk Governance Framework

The Board of Directors has constituted a Risk Management Committee (RMC) to oversee the Company's risk management principles, policies, strategies, risk appetite and control framework.

The Risk Management Committee is supported by various management-level committees that strengthen oversight across key risk categories, including:



Together, these committees provide oversight across the organisation's risk landscape and ensure timely identification, escalation and mitigation of potential risks.

Risk Appetite Statement (RAS)

The Company maintains a Board-approved Risk Appetite Statement (RAS) that defines and communicates the level of risk the organisation is willing to undertake in pursuit of its strategic objectives.

The RAS comprises both quantitative and qualitative parameters covering all material risks and serves as a guiding framework for business decisions, capital allocation, portfolio management and risk monitoring activities.

Risk Universe

The Company operates within a well-defined risk universe encompassing the following key risk categories:

Sr. No.	Nature of Risk	Governance Framework
1	Credit Risk	Default Risk, Concentration Risk, Collateral Risk
2	Operational Risk	Process Risk, People Risk, Systems & Technology Risk, Fraud Risk
3	Market Risk	Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk
4	Other Risks	Compliance Risk, Reputation Risk, Brand Risk, Cyber & Information Security Risk, Emerging & External Risks

Detailed policies, frameworks, standard operating procedures and monitoring mechanisms are established for each risk category.

Key Risks and Controls

Credit Risk

Credit risk refers to the possibility of loss arising from a borrower's inability to meet contractual obligations. It may result from deterioration in borrower credit profiles, counterparty weaknesses or adverse macroeconomic developments affecting specific sectors or customer segments.

To mitigate this risk, Avanse has implemented robust underwriting frameworks, product-specific credit policies and proprietary

scorecards supported by credit scoring models and alternative data sources. These frameworks are designed to assess borrower creditworthiness comprehensively while maintaining prudent lending standards.

The Company also undertakes portfolio stress testing, concentration monitoring and Internal Capital Adequacy Assessment Process (ICAAP) evaluations to assess resilience under various scenarios and strengthen risk preparedness.



Liquidity and Interest Rate Risk

Asset Liability Management (ALM) forms an integral part of the Company's balance sheet management framework. Effective management of liquidity, interest rate and foreign exchange risks helps protect the organisation from financial shocks and reduces earnings volatility.

The Company maintains a comprehensive framework covering ALM, investment management, resource planning, interest rate risk and foreign exchange risk management.

Liquidity risk is managed through defined mismatch tolerance limits, monitoring of liquidity coverage ratios, review of unencumbered assets, contingency funding plans and regular assessment of the borrowing mix. The Asset Liability Committee (ALCO) continuously reviews liquidity positions and oversees mitigation measures whenever required.

Interest rate risk is assessed through duration analysis, earnings sensitivity assessments and evaluation of the impact of interest rate movements on Net Interest Income (NII) and Market Value of Equity (MVE). Regular stress testing is conducted as part of the Company's ICAAP and risk management processes.

Foreign exchange risks arising from external commercial borrowings are actively monitored and managed through appropriate risk mitigation strategies.

Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems or external events.

The Company follows a structured Risk Control Self-Assessment (RCSA) framework across business functions. Key Risk Indicators (KRIs), control testing, process reviews and operational loss-event monitoring are utilised to identify vulnerabilities and strengthen controls across critical processes.

Findings from risk assessments and control reviews are periodically presented to management to facilitate process improvements and enhance operational resilience.

Outsourcing risk is governed through a dedicated outsourcing framework aligned with regulatory guidelines. Material and non-material service providers are classified based on defined criteria, with robust due diligence, onboarding controls and periodic performance reviews forming part of the governance process.

Cyber and Information Security Risk

As digital adoption continues to accelerate, information security remains a critical focus area.

The Company has established a comprehensive Information Security Management System (ISMS) designed to protect the confidentiality, integrity and availability of information assets. The framework is supported by an Information Security Charter that defines governance principles, responsibilities and security objectives across the organisation.



Cybersecurity controls, threat monitoring mechanisms, access governance frameworks and incident response protocols are continuously strengthened to safeguard customer data and organisational systems. The IT Strategy Committee of the Board regularly reviews the Company's information security posture and cyber resilience initiatives and advises on mitigation measures where necessary.

Compliance, Reputation and Brand Risk

Compliance with regulatory requirements and maintenance of stakeholder trust remain central to the Company's operating philosophy.

The Company employs a Key Risk Indicator (KRI)-based monitoring framework to track compliance, reputation and brand-related risks. Defined thresholds, periodic reviews and escalation mechanisms enable timely identification and resolution of potential concerns. Mitigation plans are reviewed periodically whenever predefined thresholds are triggered.

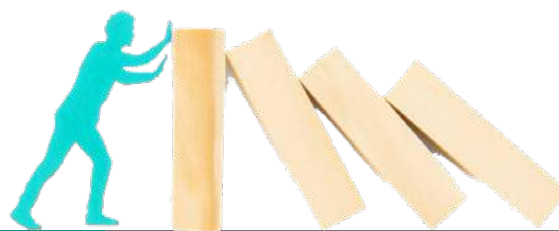
Emerging and External Risks

The Company continuously monitors emerging risks arising from geopolitical developments, macroeconomic shifts, regulatory changes, competitive dynamics, climate-related events and other external factors beyond its direct control.

Regular scenario assessments and impact analyses are undertaken to evaluate potential implications on business performance, portfolio quality and operating conditions. These assessments support proactive decision-making and strengthen organisational resilience in a rapidly evolving environment.

Risk Reporting Framework

The governance structure ensures regular reporting and oversight of risks across all levels of the organisation.



Sr. No.	Nature of Risk	Governance Framework
1	Operational Risk	Risk Management Committee of the Board
2	Credit Risk	Risk Management Committee of the Board Management and Credit Committee
3	Liquidity, Interest Rate and Market Risk	Risk Management Committee of the Board Asset Liability Committee (ALCO)
4	Other Risks (Compliance, InfoSec, Emerging and External Risks, etc.)	Risk Management Committee of the Board

Key risk indicators, stress-testing outcomes, portfolio trends and emerging risk assessments are periodically reviewed to facilitate timely corrective actions and informed strategic decisions.

Three Lines of Defence

Avanse follows the globally recognised Three Lines of Defence model:



First Line of Defence

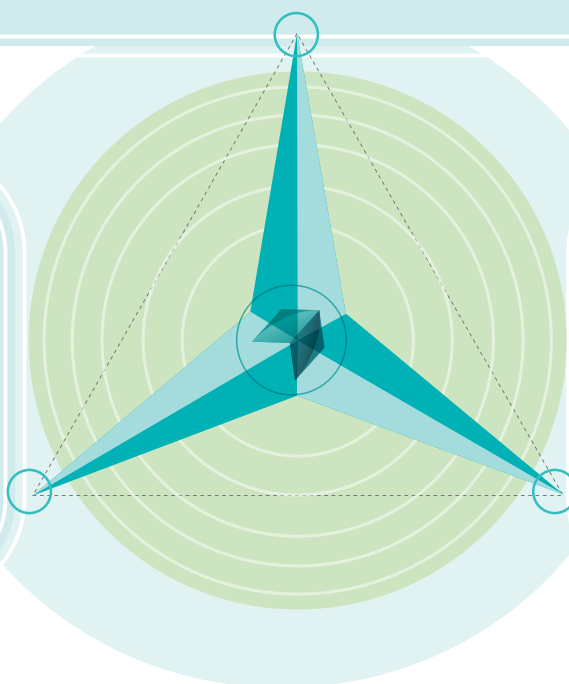
Business and functional teams act as the primary owners of risk and are responsible for identifying, assessing and managing risks within their respective areas.

Second Line of Defence

The Risk Management function independently oversees risk governance, policy implementation, monitoring and reporting across the organisation while supporting the effective operation of the risk management framework.

Third Line of Defence

The Internal Audit function provides independent assurance on the effectiveness of governance, risk management and internal control processes across the Company.



Together, these three layers create a strong control environment and reinforce Avanse's commitment to prudent risk management, operational resilience and sustainable growth.



Expanding the Freedom to Learn, Amplifying the Power to Shine

The Way Forward

India stands at a defining moment in its educational journey. Home to one of the world's largest youth populations, the country continues to witness rising aspirations for quality education, greater participation in higher education and increasing demand for specialised skills that prepare learners for a rapidly evolving global economy.

Government initiatives such as the National Education Policy (NEP) 2020, growing international collaborations between educational institutions, expanding digital learning ecosystems and the increasing focus on employability and lifelong learning are creating new opportunities across the education landscape. At the same time, students and families are seeking greater flexibility, accessibility and financial support to pursue their academic ambitions with confidence.

Unlocking Potential Through Education

Education remains one of the most powerful enablers of social and economic mobility. It opens doors to opportunities, broadens horizons and empowers individuals to realise their potential. Yet for many deserving learners, access to quality education continues to be constrained by financial barriers.

The Company's purpose is rooted in bridging this gap. By providing specialised education financing solutions for students and educational institutions, the organisation aims to make opportunities more accessible and aspirations more achievable. Every learner supported and every institution strengthened, contribute to a larger vision of building a more educated, empowered, and future-ready society.

Building for the Future

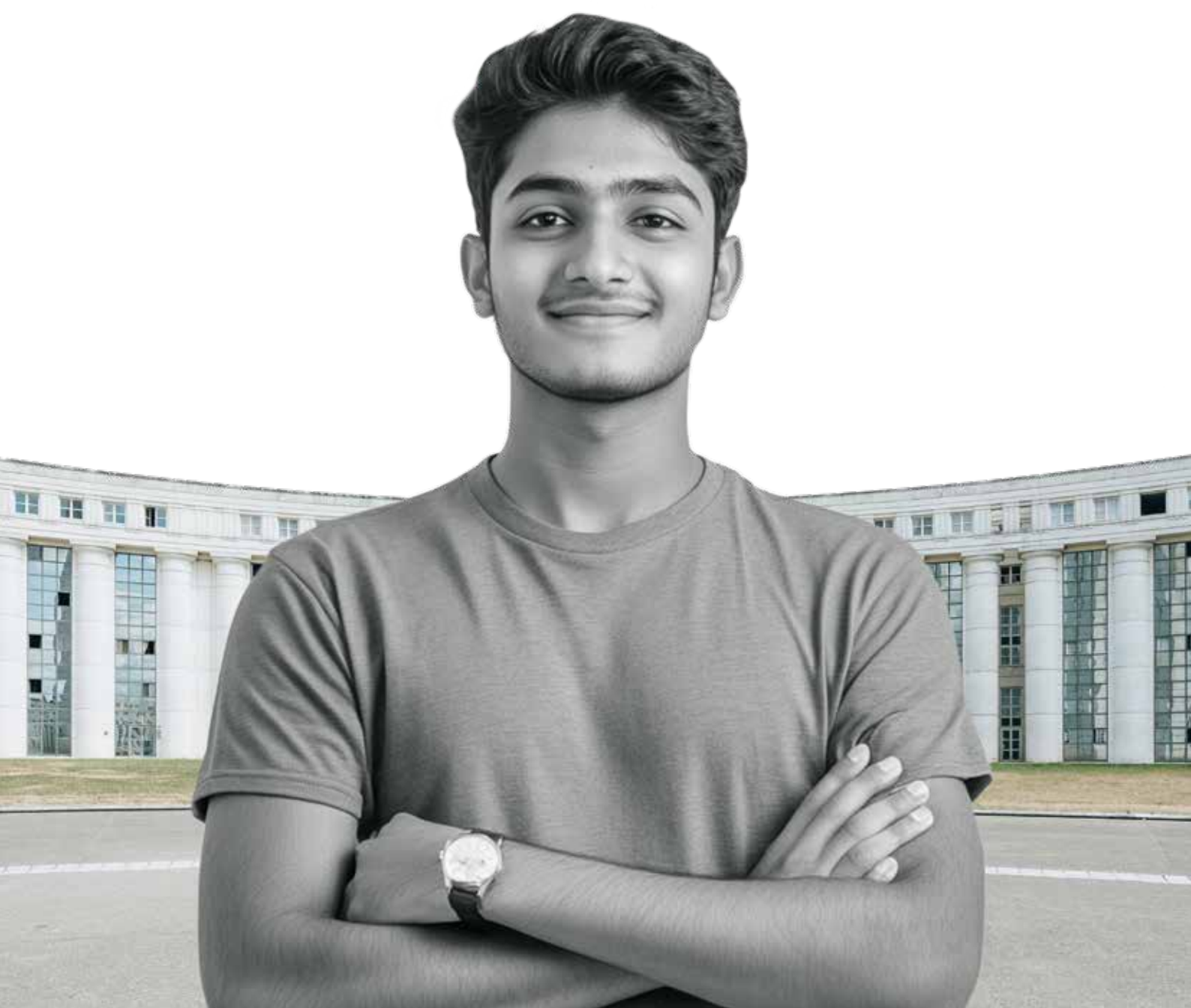
As the education ecosystem continues to evolve, Avanse remains focused on strengthening its position as a trusted education-focused financial institution. The Company will continue to invest in customer-centric innovation, technology-enabled experiences, robust governance and risk management frameworks, and deep sector expertise to create sustainable long-term value.

With a differentiated business model, a resilient operating platform and a clear strategic vision, Avanse is well-positioned to support the next generation of learners and educational institutions. As we look ahead, the organisation's commitment remains unchanged: to expand access, remove barriers and create pathways that enable individuals and institutions to achieve their full potential and gain the freedom to dream bigger.





BOARD'S REPORT



BOARD'S REPORT

Dear Members,

The Board of Directors ("the Board") of Avanse Financial Services Limited ("the Company" or "your Company") have the pleasure in presenting the Annual Report and the Audited Financial Statements, both Consolidated and Standalone, of your Company ("Audited Financial Statements") for the Financial Year ended March 31, 2026 ("year under review" or "the Financial Year").

1. Financial Performance:

The financial performance of the Company for the year ended March 31, 2026 is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Revenue from Operations	2,88,198.72	2,34,564.22	2,89,244.95	2,34,707.18
Other Income	692.93	515.51	460.97	468.28
Total Income	2,88,891.65	2,35,079.73	2,89,705.92	2,35,175.46
Total Expenditure	2,08,444.64	1,67,589.81	2,09,371.57	1,67,961.44
Profit Before Tax	80,447.01	67,489.92	80,334.35	67,214.02
Profit After Tax	59,794.49	50,422.68	59,686.49	50,212.30
Total Comprehensive Income	66,712.57	45,751.88	67,952.69	45,601.54
EPS (Rs. per share)				
(a) Basic	22.98	20.02	22.94	19.94
(b) Diluted	22.44	19.33	22.40	19.25

The above figures are extracted from the Audited Financial Statements which have been prepared in accordance with Indian Accounting Standards ("IND AS") as notified under Sections 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Reserve Bank of India ("RBI") (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

The Audited Financial Statements together with the Auditors' Reports thereon form part of the Annual Report of the Company for the year under review. Further, the Annual Report of the Company is available on the website of the Company at www.avanse.com.

2. Review of Operations and the State of Affairs of the Company

The Company's Assets Under Management ("AUM") stood at ₹ 23,411 crore as on March 31, 2026 as compared to ₹ 18,985 crore in the previous Financial Year indicating 23% Y-o-Y growth. The Company recorded a total income of ₹ 2,888.92 crore as compared to ₹ 2,350.80 crore in the previous Financial Year. The net interest income reported for the period was ₹ 996.91 crore as compared to ₹ 796.01 crore in the previous Financial Year.

The Company's Consolidated Assets Under Management ("AUM") stood at ₹ 23,665 crore as on March 31, 2026 as compared to ₹ 18,998 crore in the previous Financial Year indicating 25% Y-o-Y growth. The Company recorded a total income of ₹ 2,897.06 crore as compared to ₹ 2,351.75 crore in the previous Financial Year. The net interest income reported for the period was ₹ 1,005.90 crore as compared to ₹ 797.41 crore in the previous Financial Year.

During the year under review, the Company disbursed loans amounting to ₹ 7,019 crore as compared to ₹ 6,914 crore in the previous Financial Year and recorded a growth of 2 % on y-o-y basis.

During the year under review, at consolidated level the Company disbursed loans amounting to ₹ 7,108 crore as compared to ₹ 6,927 crore in the previous Financial Year and recorded a growth of 3% on y-o-y basis.

The Profit Before Tax increased by 19 % from ₹ 674.90 crore in the previous Financial Year to ₹ 804.47 crore in the current Financial Year. The Profit After Tax increased by 19% from ₹ 504.23 crore in the previous Financial Year to ₹ 597.94 crore in the current Financial Year.

The Consolidated Profit Before Tax increased by 20% from ₹ 672.14 crore in the previous Financial Year to ₹ 803.34 crore in the current Financial Year. The Consolidated Profit After Tax increased by 19% from ₹ 502.12 crore in the previous Financial Year to ₹ 596.86 crore in the current Financial Year.



AVANSE FINANCIAL SERVICES LIMITED

BOARD'S REPORT

The Net Worth of the Company as on March 31, 2026, stood at ₹ 5,999.43 crore (excluding deferred tax assets and intangible assets) as compared to ₹ 4,082.62 crore (excluding deferred tax assets and intangible assets) in the previous Financial Year, as reported in the Financial Statement.

The Gross Stage 3 (GS-3) as on March 31, 2026, were ₹ 74.97 crore equivalent to 0.36% of the total loan book of the Company. The Net Stage 3 (NS-3) as on March 31, 2026, stood at ₹ 12.23 crore resulting in NS-3 of 0.06 %. The Company's total ECL provision / POS as of March 31, 2026, stands at 1.24% as compared to 0.98% as of March 31, 2025.

3. Material Events during the Year

Proposed Initial Public Offering of Equity shares of the Company

As was informed in the Company's 33rd Annual Report, the Company had received the final observations on its draft red-herring prospectus ("DRHP") [for the Company's maiden initial public offering of ₹ 3,500 crore, comprising of a fresh issue of equity shares upto an amount of ₹ 1,000 crore and offer for sale of equity shares by selling shareholders upto an amount of ₹ 2,500 crore ("IPO")] from SEBI vide its letter dated October 23, 2024 ("SEBI's Observation Letter"), which was valid for a period of twelve months during which time Company could bring its initial public offer.

During the year under review, your Company has, considering the evolving geopolitical situation, primarily the changes in the immigration policies in US and other countries, decided not to proceed with the initial public offering. As on the date of this report, your Company is awaiting conducive market conditions and would re-file its DRHP with the SEBI, post obtaining requisite approvals, when the conditions would become favourable.

Issue of compulsorily convertible preference shares ("CCPS") on a rights basis

During the year under review, your Company has issued and allotted 31,743,514 CCPS of ₹ 10 each on a rights basis for cash to the participating shareholders for an aggregate amount of ~ ₹ 1,200 crore on December 26, 2025.

New credit rating

During the year under review, your Company has been assigned new credit ratings by India Ratings & Research Private Limited ("India Ratings & Research") as per the following details.

Instrument Type	Issue Size (₹ in crore)	Rating assigned along with Outlook
Commercial paper	INR 200	IND A1+
Bank loan facilities	INR 3,000	IND AA/Stable
Non – convertible Debentures	INR 2,000	IND AA/Stable

4. Dividend

In order to conserve resources for future growth, the Board has not recommended any dividend on its shares for the year under review.

5. Transfer to Reserve

For the Financial Year ended March 31, 2026, an amount of ₹ 119.59 crore has been transferred to the Special Reserve pursuant to the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

6. Credit Rating

While the details of the new credit ratings obtained by the Company has been alluded to hereinabove, your Company's overall credit ratings remains a positive reflection of its prudence, strong net worth base, adequate capitalisation and financial discipline, the details of which are as follows.

Rating Agency	Instrument	Credit Rating
India Ratings	Long-Term Bank Facilities	IND AA/Stable
	Non-Convertible Debentures	IND AA/Stable
	Commercial Paper	IND A1+
CRISIL Ratings	Long-Term Bank Facilities	CRISIL AA-/ Stable
	Non-Convertible Debentures	CRISIL AA-/ Stable
	Commercial Paper	CRISIL A1+



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Rating Agency	Instrument	Credit Rating
CARE Ratings	Long-Term Bank Facilities	CARE AA-; Stable
	Non-Convertible Debentures	CARE AA-; Stable
	Market Linked Debentures	CARE PP-MLD AA-; Stable
	Subordinate Debt	CARE AA-; Stable
	Commercial Paper	CARE A1+
Brickwork Ratings	Non-Convertible Debentures	BWR AA-/Stable
	Subordinate Debt	
ICRA Ratings	Commercial Paper	ICRA A1+

During the year, India Ratings & Research assigned new ratings of IND A1+ for the Commercial Paper borrowings programme and IND AA/Stable for the Bank loan facilities and non-convertible debentures in February 2026.

Ratings by CARE Ratings were reaffirmed for Long-Term bank facilities, Market-Linked Debentures, Non-Convertible Debentures ("NCDs") (including Subordinated Debt) at CARE AA-; Stable in July 2025. Further, CARE Ratings also reaffirmed the rating of Commercial Paper borrowings programme of the Company at CARE A1+.

CRISIL Ratings assigned fresh ratings for Subordinate Debt Borrowings at CRISIL AA-/Stable in May 2025. Further, CRISIL Ratings also reaffirmed the Company's rating at CRISIL AA-/ Stable for the Long-Term bank facilities and NCDs and CRISIL A1+ for Commercial Paper borrowings programme.

ICRA Limited reaffirmed its rating for the Commercial Paper borrowings programme of the Company at ICRA A1+ in November 2025.

During the year, Brickworks Ratings also reaffirmed the Company's rating at BWR AA- (Stable) for all Long-Term Secured Borrowings in the form of NCDs and Sub-ordinated NCDs.

7. Sources of Funds

The Company's borrowing philosophy continues to remain prudent with emphasis on long-term borrowings to ensure robust asset-liability management, well-diversified funding sources and maintenance of sufficient liquidity. The Company also ensured that the liquidity buffer maintained is sufficient not only to meet its debt servicing obligations but also to provide enough cover for strong business demand. The debt profile remains long-term in nature keeping in mind the long-term nature of assets in order to maintain robust asset liability management profile. Loans from Banks and Financial Institutions account for 55% of total outstanding borrowings followed by 27% in the form of External Commercial Borrowings, 16% in the form of NCDs, 1% in the form of Commercial Papers (CP) and <1% in the form of Securitization ("PTC"). Off-Balance sheet borrowings in the form of Direct Assignment / Co-Lending Arrangement constituted 17% of outstanding On-Balance sheet borrowings and 13% of Assets under Management.

a) Loan from Banks / Financial Institutions

During the year under review, the Company received sanctions for term loan of ₹ 4,348 crore from Banks / Financial Institutions, of which the Company availed term loans of ₹ 4,098 crore sanctioned during the year under review and ₹ 350 crore from limits undrawn and sanctioned during FY25. The outstanding of term loans from Banks / Financial Institutions as on March 31, 2026, was ₹ 10,071 crore. The Bank Loans were assigned the rating of IND AA (Stable) by India Ratings & Research, CRISIL AA-/Stable by CRISIL Ltd and 'CARE AA- (Stable)' by CARE Ratings Limited. Additionally, the outstanding of WCDL from Banks as on March 31, 2026, was ₹ 50 crore

b) NCDs

During the year under review, the Company issued NCDs amounting to ₹ 150 crore on private placement basis. The NCDs are listed on the Debt segment of BSE Limited. The Company has been regular in the payment of principal / interest towards all the outstanding NCDs. As on March 31, 2026 the total value of outstanding NCDs are ₹ 2,940 crore and the total outstanding value of Subordinate Debt is ₹ 51 crore. NCDs were primarily issued to corporates and financial institutions such as Mutual Funds, Banks, Small Finance Banks, Corporates etc.

c) External Commercial Borrowings ("ECB")

During the year under review, the Company had raised incremental ECB of ₹ 2,262 crore, out of which ₹ 2,152 crore was classified under the Social Loan category and were raised from domestic and foreign Banks. The total outstanding amount of ECB stood at ₹ 4,979 crore as on March 31, 2026. Apart from the incremental ECB, the Company had raised ECB from World Business Capital,



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Inc., a USA based financial institution(s) in the social impact category and is guaranteed by the US International Development Financial Corporation (DFC) and an ECB also classified under Social Loan category which was raised from domestic and foreign banks.

d) Commercial Papers ("CP")

During the year under review, the Company had issued CP amounting to ₹ 595 crore. CP amounting to ₹ 595 crore were listed on BSE Limited. The CP outstanding as of March 31, 2026, were ₹ 138 crore. The Company's CP were assigned the highest rating of "IND A1+" by India Ratings & Research, "Crisil A1+" by Crisil Ratings Limited, "CARE A1+" by CARE Ratings Limited and "ICRA A1+" by ICRA Ltd.

e) Securitisation ("PTC")

The Company, from time to time, accesses the securitisation market to raise long-term funds with matching asset maturity profile. During the year under review, no new PTC transactions were undertaken by the Company.

f) Direct Assignment ("DA") / Co-lending ("CLM")

The Company has assigned its pool towards DA / CLM matching with its asset maturity profile. During the year under review, the Company assigned its loan pool and received ₹ 1,774 crore as purchase consideration.

The Company has actively engaged with banks to enable it to access fund raising via the Co-lending arrangements. During the year under review, the Company had assigned its loan pool to the Co-lending partner banks and received ₹ 187 crore as consideration under the existing Co-Lending arrangement.

8. Share Capital

a) Authorised Share Capital

The Board and Shareholders of the Company, at their respective meeting held on December 17, 2025 and December 19, 2025, re-classified the authorised share capital of the Company from ₹ 200,00,00,000 divided into 35,00,00,000 equity shares of ₹ 5/- each and 2,50,00,000 preference shares of ₹ 10/- each to ₹ 200,00,00,000 divided into 30,00,00,000 equity shares of ₹ 5/- each and 5,00,00,000 preference shares of ₹ 10/- (Indian Rupees Ten only) each.

As on March 31, 2026, the Authorised Share Capital of the Company was ₹ 2,00,00,00,000 divided into 30,00,00,000 equity shares of ₹ 5 each and 5,00,00,000 preference shares of ₹ 10 each.

b) Issued, Subscribed and Paid-up Share Capital

As on March 31, 2026, the Company's:

- (a) issued, subscribed and paid-up equity share capital stood at ₹ 1,25,91,16,160 divided into 25,18,23,232 equity shares of ₹ 5 each; and
- (b) issued, subscribed and paid-up preference share capital stood at ₹ 31,74,35,140 divided into 3,17,43,514 preference shares of ₹ 10 each, the details of the issue has already been provided herein above.

During the period from the close of Financial Year till the date of this Report, there were no changes in the Authorised Share Capital and the Issued, Subscribed and Paid-up Share Capital of the Company.

As on the date of this Report, the entire shareholding of the Company is held in dematerialised mode.

9. Employee Stock Option Plan

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, providing an opportunity to the employees to share in the growth of the Company and to create long-term wealth in the hands of employees, thereby acting as a retention tool.

To achieve the above, your Company has formulated "Avanse Financial Services Limited Employee Stock Option Plan 2019" ("ESOP 2019") and the Avanse Financial Services Limited Employee Stock Option Plan 2024 ("ESOP 2024") (both ESOP 2019 and ESOP 2024 collectively referred to as "the ESOP Schemes") for the employees of the Company which are in compliance with the applicable provisions of the Act.

The disclosure pursuant to rule 12 of the Companies (Share Capital & Debentures) Rules, 2014, is provided in "Annexure I" for the ESOP Schemes.

10. Meetings of the Board

The Board of your Company meets at regular interval to discuss and decide on the Company's performance, strategies and for various other purposes. During the year under review, the Board met 8 times. The meetings of the Board were held on April 29, 2025 (and



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reconvened on April 30, 2025), August 12, 2025 (and reconvened on August 13, 2025), October 15, 2025 (and reconvened on October 16, 2025), December 17, 2025, January 20, 2026, February 9, 2026, March 5, 2026 and March 18, 2026.

All the meetings were held in a manner that not more than 120 days lapsed between two consecutive meetings. The required quorum was present at and throughout all the meetings. Further details on the Board, its meetings, Board's committees' composition and attendance at the meetings of the Board and its committees are provided in the Corporate Governance Report, which forms part of this Annual Report.

11. Registration as a Non-Banking Finance Company and a Corporate Agent

Your Company is registered with the RBI as a Non-Deposit taking Non-Banking Finance Company ("NBFC") bearing registration no. B-13.01704. The Company is classified as a Middle Layer NBFC in terms of the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 as amended from time to time.

Your Company is also registered with the Insurance Regulatory Development Authority of India ("IRDAI") as a Corporate Agent (composite) vide registration no. CA0445. The Company acts as a Corporate Agent for Axis Max Life Insurance Limited (formerly known as Max Life Insurance Company Limited), Pramerica Life Insurance Limited, HDFC Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, Zuno General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited) and Care Health Insurance Limited.

The Company has complied with all the applicable rules and regulations prescribed by RBI and IRDAI during the year under review.

12. Change in the Nature of Business

During the year under review, there has been no change in the nature of business of the Company.

13. Public Deposits

Your Company neither accepted nor renewed any deposits from the public during the year under review or in the past. Further, your Company would not accept any public deposit without prior approval from the RBI.

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

There were no material changes and commitments affecting the financial position of the Company from the end of the Financial Year up to the date of this Report.

15. Details of Holding / Subsidiary / Joint Ventures / Associate Companies

Olive Vine Investment Ltd, a private company limited by shares, registered under the laws of Republic of Mauritius continues to remain holding company of your Company and Avanse Global Finance IFSC Private Limited ("Avanse Global") continues to remain a wholly-owned subsidiary of the Company.

Avanse Global is not a material subsidiary of the Company within the meaning of Regulation 16 of the SEBI Listing Regulations.

A statement containing the salient features of the financial statements of Avanse Global, as required under the Act, is provided in Form AOC-1 as "**Annexure II**".

Your Company does not have any joint venture or associate during the year under review.

16. Internal Financial Controls

The Company and its subsidiary have well-established internal control systems in place that are commensurate with the nature of their business and size, scale and complexity of its operations. The internal financial controls with reference to the financial statements as designed and implemented by the Company are adequate.

During the year under review, no material or serious observation were received from the Auditors of the Company for inefficiency or inadequacy of such controls.

17. Internal Audit

Your Company has in place an effective internal audit framework to monitor the efficacy of internal controls. The Company has appointed a Chief Audit Officer who is responsible for Internal Audit and has instituted a Board approved Internal Audit Charter and Risk-Based Internal Audit Policy in compliance with the RBI's Risk Based Internal Audit Framework for NBFCs, as amended from time to time. The internal audit plan is approved by the Audit Committee, and internal audits are undertaken on a periodic basis to independently validate the existing controls. Internal Audit Reports are reviewed by the management and corrective actions are initiated to strengthen controls and enhance the effectiveness of existing controls.

Critical internal audit observations are presented on a quarterly basis before the Audit Committee along with the status of management actions and the progress of implementation of recommendations.



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18. Auditors and Audit Reports

a) Auditors, their Reports and Notes to Financial Statements

Pursuant to the provisions of the Act and the rules framed thereunder, the SEBI Listing Regulations and guidelines issued by RBI in this regard, as amended from time to time, M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), have been appointed as the Auditors of the Company for a term of three consecutive years from the conclusion of the 31st Annual General Meeting held in 2024 until the conclusion of the 34th Annual General Meeting of the Company to be held in 2027.

Since the asset size of your Company crossed the limit of ₹ 15,000 crore during the year ended March 31, 2025, the Company was required to appoint a Joint Statutory Auditors pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors / Statutory Auditors of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated June 11, 2021. Accordingly, the Company, at its Annual General Meeting held on June 27, 2025, appointed M/s. Kirtane & Pandit LLP as the Joint Statutory Auditors for a period of three consecutive years with effect from April 1, 2025 till March 31, 2028.

The reports issued by the joint auditors does not contain any qualifications, reservations, adverse remarks or disclaimer.

Further, the auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the Financial Year under review.

b) Secretarial Auditors and their Report and Secretarial Compliance Report

Pursuant to provisions of Section 204(1) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Makarand M. Joshi & Co., Practicing Company Secretaries as the secretarial auditors of the Company for the year under review.

The Secretarial Audit Report in Form MR-3 for the Financial Year, as received from the Secretarial Auditor, is attached as “**Annexure III**” to the Board's Report. The Secretarial Auditors' report does not contain any qualifications, reservations, adverse remarks or disclaimer.

Additionally, your Company has also obtained an Annual Secretarial Compliance Report for the Financial Year pursuant to Regulation 24A of the SEBI Listing Regulations from M/s. Sachin Manseta & Associates, Practicing Company Secretaries. The said report will be submitted to BSE Limited (on which NCDs of the Company are listed) within the stipulated timeline and shall also be uploaded on the website of the Company at <https://www.avanse.com/pdf/notice/Final%20Secretarial%20Compliance%20Report%20FY26.pdf>

Further, the Secretarial Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors during the Financial Year under review.

c) Cost Records and Auditors

The provisions of cost records and cost audit, as prescribed under Section 148 of the Act, are not applicable to the Company.

19. Annual Return

Pursuant to Section 92(3) and Section 134(3)(a) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Annual Return of the Company as at March 31, 2026 in the prescribed Form MGT 7 is available on the Company's website at <https://www.avanse.com/pdf/financials/Annual%20Return%20FY%202025-26.pdf>.

20. Conservation of Energy and Technology Absorption

As your Company is an NBFC, the particulars regarding conservation of energy as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014, are not relevant to its activities. During the year under review, your Company has developed / implemented various technology driven solutions. The details like benefits derived from such solutions, the efforts made towards such technological developments etc. are provided in the Annual Report.

21. Foreign Exchange Earnings and Outgo

The foreign exchange outgo during the Financial Year was ₹ 376.82 crore; of which ₹ 339.45 crore and ₹ 32.12 crore was on account of payment of principal and interest / other financing costs on ECB borrowings respectively and the balance ₹ 5.25 crore were towards operating expenses incurred by the Company during the year under review.

Further, following the decision to not proceed with the proposed Initial Public Offering (IPO), the Company recovered ₹ 11.02 crore from one of the selling shareholders as reimbursement for the IPO related expenses incurred.

22. Directors and Key Managerial Personnel (“KMPs”)

(i) Composition of the Board

The composition of the Board of your Company continues to be in accordance with Section 149 of the Act and the applicable provisions of the SEBI Listing Regulations with an appropriate combination of Executive, Non-Executive and Independent directors.



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As on March 31, 2026, the Board of your Company comprised of ten directors, consisting of five independent directors (including two women directors), four Non-Executive directors and one Managing Director and CEO. The directors, individually and collectively, bring in a wide range of skills and experience to the Board.

The Board of Directors of the Company as on March 31, 2026, comprises:

Name of the Director	DIN	Designation
Mr. Neeraj Swaroop	00061170	Independent Director and Chairperson
Mrs. Vijayalakshmi R. Iyer	05242960	Independent Director
Mrs. Savita Mahajan	06492679	Independent Director
Mr. Ravi Venkatraman	00307328	Independent Director
Mr. Rakesh Bhatt	02531541	Independent Director
Mr. Narendra Ostawal	06530414	Non- Executive Director
Mr. Hemant Mundra	08192978	Non-Executive Director
Mr. Sunish Sharma	00274432	Non-Executive Director
Mr. Luca Molinari	10615114	Non-Executive Director
Mr. Amit Gaiinda	09494847	Managing Director and CEO

(ii) Appointment / Re-appointment / Retirement by Rotation of Directors

(a) Appointment of Independent Director

As was informed in the Company's 33rd Annual Report, the Board, basis the recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Rakesh Bhatt (DIN: 02531541) as an Additional Director (categorized as an Independent Director) vide its circular resolution passed on March 8, 2025, to hold office till the expiry of three months from the date of appointment, or the date of the next general meeting of the Company, whichever is earlier.

Subsequent to the above, the Shareholders of the Company, at their extra-ordinary general meeting held on April 29, 2025, have approved the appointment of Mr. Rakesh Bhatt as an Independent Director of the Company for a term of five consecutive years from March 8, 2025, who shall not be liable to retire by rotation.

The Board of Directors in its meeting held on April 28, 2026, based on the recommendation of Nomination, Remuneration and Compensation Committee, have proposed to the shareholders the re-appointment of Mr. Ravi Venkatraman (DIN: 00307328) as an Independent Director of the Company for a second term of 5 consecutive years w.e.f. July 5, 2026 till July 4, 2031. Resolution seeking shareholders' approval for above appointment and detailed profiles of Mr. Venkatraman forms part of the Notice convening the 33rd Extra - Ordinary General Meeting of the Company.

(b) Resignation, Removal, Vacation of Office or Change of Designation of Director(s)

During the year under review, there has been no resignation, removal, vacation of office or change of designation of any of the Directors of the Company.

(c) Change in Nominee Director and Retirement by Rotation

The Company received a request to appoint Mr. Mohamed Al Mubarak in place of Mr. Luca Molinari as a nominee of Alpha Investment Company LLC ("**AIC**"), one of the shareholders, pursuant to the Shareholders' Agreement dated March 6, 2024 read with Articles of Association of the Company. The Board has, based on the recommendation from the Nomination, Remuneration and Compensation Committee, at its meeting held on April 28, 2026, approved the appointment of Mr. Mohamed Al Mubarak (as an Additional Director, categorized as a Non-Executive Director) in place of Mr. Luca Molinari as a nominee of AIC ("**Change in AIC Director**"). The effective date for Change in AIC Director would be the date of allotment of Director Identification Number to Mr. Mubarak by the concerned authority and obtaining necessary regulatory approval by the Company for the Change in AIC Director, whichever is later ("**Effective Date of Change in AIC Director**").

Pursuant to the provisions of Section 152 of the Companies Act, 2013, not less than two-thirds of the total number of Directors of a public company should be the persons whose period of office is liable to determination by retirement of Directors by rotation; and be appointed by the company in general meeting. One third of such rotational directors, for the time being are liable to retire by rotation, shall retire from office at every annual general meeting. The directors to retire by rotation at every annual general meeting should be those who have been longest in office since their last appointment. Among the directors liable to retire by rotation, Mr. Narendra Ostawal (DIN: 06530414) and Mr. Luca Molinari (DIN: 10615114) have been the longest in office since their last appointment. Your Board has recommended the re-appointment of Mr. Narendra Ostawal (DIN: 06530414), non-executive director at the 33rd Annual General Meeting ("AGM"). Additionally, keeping in mind the aforesaid development w.r.t. the Change in AIC Director and at the same time to comply with provisions of the Act, depending on the Effective Date of the Change in AIC Director, the Board has recommended the re-appointment of either Mr. Luca Molinari (DIN:



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10615114), non-executive director, or Mr. Amit Gaiinda (DIN: 09494847), Managing Director & CEO at the AGM. All above directors are eligible and have offered themselves for re-appointment at the AGM. Detailed profiles of Mr. Ostawal, Mr. Molinari and Mr. Gaiinda are provided in the notice convening the ensuing AGM.

(iii) Declaration by Independent Directors

All Independent Directors have submitted their declaration of independence pursuant to the applicable provisions of the Act and the SEBI Listing Regulations, confirming that they continue to meet the criteria of independence, as provided under the Act and the SEBI Listing Regulations.

Further, all the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs ("IICA"), Manesar.

Your Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and that they hold highest standards of integrity.

(iv) Fit and Proper Criteria

All the directors of your Company have confirmed that they satisfy the fit and proper criteria as prescribed under the RBI (Non-Banking Financial Companies - Governance) Directions, 2025, as amended from time to time. The directors have also confirmed that they have neither incurred any disqualification referred to in Section 164 of the Act for being director of the Company nor have attracted any criteria prescribed in Section 167(1) of the Act which could lead to vacation of their office as director.

(v) Key Managerial Personnel

During the year under review, Mr. Vikrant Gandhi, Chief Financial Officer of the Company, has tendered his resignation to pursue alternate career opportunities outside the Company with effect from the close of business hours of March 4, 2026. The Board has appointed, based on the recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Shailendra Dhupiya as the Chief Financial Officer of the Company with effect from March 5, 2026.

In terms of Section 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Amit Gaiinda, Managing Director & CEO, Mr. Shailendra Dhupiya, Chief Financial Officer and Mr. Rajesh Gandhi, Company Secretary are the key managerial personnel of the Company as on March 31, 2026.

23. Annual Performance Evaluation of the Board and Familiarisation of the Independent Directors

(a) Annual Performance Evaluation of the Board

The evaluation framework for assessing the performance of the directors of the Company comprises, amongst others, contributions made by them at the meeting(s) and strategic perspectives or inputs provided by them regarding the performance, governance and controls of the Company.

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board carried out an annual evaluation of its own performance, its Committees and individual directors for the Financial Year. For the above purpose, a formal mechanism has been adopted for evaluating the performance of the Board, its Committees, individual directors and the Chairman of the Board. The evaluation is based on criteria, which include, amongst others, providing strategic perspective, time devoted and preparedness for meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the meetings, effective decision-making ability, role and effectiveness of the Committees, etc. The directors duly completed and submitted, in an anonymous manner, the questionnaires providing feedback on functioning of the Board as a whole, committees and Chairman of the Board.

The performance of the non-independent directors, the Board, as a whole, and the committees of the Board has been evaluated by Independent Directors in a separate meeting. At the same meeting, the Independent directors also evaluated the performance of the Chairperson of the Board, after taking into account, the view of executive director and non-executive directors. Evaluation as done by the Independent Directors was submitted to the Board.

Thereafter, the Board at its meeting discussed the performance of the Board, as a whole, its committees and individual directors. The expressed satisfaction on the overall functioning of the Board and its committees. The Board was also satisfied with the contribution of the directors in their respective capacities, which reflected the overall engagement of the individual directors. The Board also expressed its full faith in the Chairperson for leading the Board.

(b) Familiarisation of the Independent Directors

Your Company conducts a routine familiarisation programme for its Independent directors through various modes and channels as per the Board approved Familiarization Programme for its Independent directors. A copy of the said programme, along with the details of such programme imparted, is available on the website of the Company at <https://www.avanse.com/pdf/corporate-governance/19.%20Familiarisation%20programme%20for%20Independent%20Directors.pdf>



24. Directors and Officers Liability Insurance Policy ("D&O Policy")

Your Company has obtained a D&O Policy which is duly reviewed and renewed every year. The said policy covers employees and directors (including Independent directors) of the Company.

25. Policies and Code:

In terms of the applicable provisions of the RBI Master Directions, circulars / regulations / guidelines issued by SEBI, including SEBI Listing Regulations, provisions of the Act and other applicable laws and as a part of good corporate governance to ensure strong internal controls, the Board adopted several codes / policies / guidelines and reviewed the same from time to time, which amongst others include the following:

(a) Internal Guidelines of Corporate Governance

In terms of the RBI (Non-Banking Financial Companies - Governance) Directions, 2026, as amended from time to time, your Company has put in place a Board approved Internal Guidelines of Corporate Governance and the same can be accessed from the website of the Company at https://www.avanse.com/pdf/corporate-governance/Corporate_Governance_Code_new.pdf

(b) Code of Conduct for the Board and Senior Management Personnel ("SMPs")

Pursuant to the applicable provisions of the SEBI Listing Regulations, the Company has adopted a Code of Conduct for the Board of Directors and the SMPs of the Company. The Code provides guidance to the Board and SMPs on the matters relating to professional conduct, ethics and governance. The Code can be accessed from the website of the Company at https://www.avanse.com/pdf/corporate-governance/Code_of_conduct_for_Board_and_SMPs.pdf

(c) Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, the SEBI Listing Regulations and RBI guidelines, 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 etc. It also provides for adequate safeguards against victimisation of persons who use this mechanism and direct access to the Chairperson of the Audit Committee in exceptional cases. The Whistle Blower Policy is available on the Company's website at <https://www.avanse.com/pdf/corporate-governance/Whistle%20Blower%20Policy.pdf>

During the year under review, no person was denied access to the Audit Committee to express concerns or reporting grievances under the Whistle Blower Policy / Vigil Mechanism.

(d) Remuneration Policy

Your Company has adopted a Nomination, Remuneration, Succession and Evaluation Policy. The same forms part of this Annual Report and is attached as "**Annexure IV**". The same is also available on the website of the Company at <https://www.avanse.com/pdf/corporate-governance/Nomination%20and%20Remuneration%20Policy.pdf>

(e) Policy on Prevention of Sexual Harassment of Women at Workplace

Your Company has in place a policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has also complied with the provisions relating to the constitution of an Internal Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. There were no open complaints at the beginning of the year under review. During the year under review, the Company received two complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All the complaints were resolved and there were no open complaints at the end of the year under review.

26. Corporate Social Responsibility ("CSR")

The Company believes in integrating its business model with the social welfare of people and the society in which it operates. Towards this objective and pursuant to the provisions of the Act, the Company has constituted a CSR Committee, the details of which is provided in the Annual Report on CSR activities which is attached as **Annexure V** of this report. Further, the Board has also approved a CSR Policy for the Company, copy of which is available on the Company's website at https://www.avanse.com/pdf/corporate-governance/Corporate_Social_Responsibility_Policy_new.pdf

The Chief Financial Officer has certified that the funds disbursed were utilised for the purpose and in the manner approved by the Board for the Financial Year 2025-26.

27. Particulars of Loans Given, Investments Made, Guarantees Given or Security Provided

During the year under review, the Company did not make any investment, give guarantee or provide security which is required to be disclosed pursuant to Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014.



AVANSE FINANCIAL SERVICES LIMITED

BOARD'S REPORT

28. Contracts or Arrangements with Related Parties

During the year under review, majority of the contracts, transactions and arrangements entered into by the Company with related parties ("Related Party Transactions" or "RPTs") were in the ordinary course of business and all such RPTs were on arm's length basis. None of the RPTs were considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and the SEBI Listing Regulations and the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions of the Company. A copy of the said policy is available on the Company's website at <https://www.avanse.com/pdf/corporate-governance/Policy%20on%20Materiality%20of%20RPT%20and%20Dealing%20with%20RPT.pdf>. During the year under review, your Board approved transactions which were not in the ordinary course of business pursuant to Section 188 of the Act, the details of which are disclosed in Form No. AOC-2 pursuant to Section 134(3)(h) of the Act, read with the Rule 8 of the Companies (Accounts of Companies) Rules, 2014 and annexed as "Annexure VI". Since there were no material transactions entered into with related parties during the period under review, there was no question of any potential or real conflict with the interest of the Company.

Prior approval of the Audit Committee is obtained for all RPTs including omnibus approval for transactions which are of repetitive in nature. A statement on RPTs, specifying the details of such transactions, is placed before the Audit Committee on a quarterly basis. Further, the details of RPTs during the year under review are also given in the notes to the Financial Statements, which forms part of this Annual Report.

29. Corporate Governance Report

Your directors re-affirm their continued commitment to the best practices of Corporate Governance. Corporate Governance principles forms an integral part of the core values of the Company. Your Company is in compliance with the provisions relating to Corporate Governance. A Report on Corporate Governance of the Company as stipulated under the SEBI Listing Regulations and applicable RBI guidelines forms an integral part of this report and annexed as "Annexure VII". A certificate from a firm of Practicing Company Secretary on compliances with the requirements of Corporate Governance, as stipulated under the SEBI Listing Regulations, forms part of this Annual Report.

30. Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review is presented as a separate section, which forms part of this Annual Report.

31. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, Directors of the Company state that: -

- a) in the preparation of the annual accounts for the year ended March 31, 2026, the applicable Accounting Standards were followed and there were no material departures from the same;
- 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 on March 31, 2026, and of the profit of the Company for that period;
- c) proper and sufficient care was taken for the 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 fraud and other irregularities;
- d) the annual accounts of the Company have been prepared on a "going concern basis";
- e) proper systems to ensure compliance with the provisions of the applicable laws are in place and the same are adequate and operating effectively.

32. Compliance with Secretarial Standards

The Company is in compliance with the applicable secretarial standards viz. Secretarial Standards on Meetings of the Board of Directors and the Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India.

33. Code for Prohibition of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has a Board approved policy for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information. The said policy is available on the website of the Company at <https://www.avanse.com/pdf/corporate-governance/PIT%20Policy%20-%20Final%20v4.pdf>

34. Other Disclosures

In terms of applicable provisions of the Act and the SEBI Listing Regulations, the Company discloses and confirms that during the year under review:



AVANSE FINANCIAL SERVICES LIMITED
BOARD'S REPORT

- (i) there was no issue of shares (including sweat equity shares) to employees of the Company under the ESOP Schemes referred to in this report;
- (ii) there was no scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;
- (iii) except the issue of CCPS on a rights basis, there was no public issue, bonus issue or rights issue of any securities by the Company;
- (iv) there was no issue of shares with differential rights;
- (v) there was no transfer of unpaid or unclaimed amount to Investor Education and Protection Fund;
- (vi) no significant or material orders were passed by any regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in the future;
- (vii) there were no proceedings for the Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016 against the Company;
- (viii) there was no failure to implement any corporate action;
- (ix) there was no instance of one-time settlement with any Bank or Financial Institution;
- (x) there were no revisions in the Financial Statements;
- (xi) the Managing Director & CEO of the Company has neither received any commission from the Company nor received any remuneration or commission from the subsidiary company and hence the disclosure under Section 197(14) is not applicable;
- (xii) The Company has in place various Board approved policies pursuant to Act, SEBI Listing Regulation and RBI Guidelines. These policies are reviewed from time to time keeping in view the operational requirements and the extant regulations; and
- (xiii) The Company has complied with the provisions relating to the Maternity Benefit Act, 1961.

35. Acknowledgements

Your Directors take this opportunity to express their appreciation for the support and co-operation extended by its customers, various partners and associates, regulators, Company's Bankers and other Lenders and Shareholders. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels for their exemplary contribution made in the growth of the Company.

For and on behalf of the Board of Directors

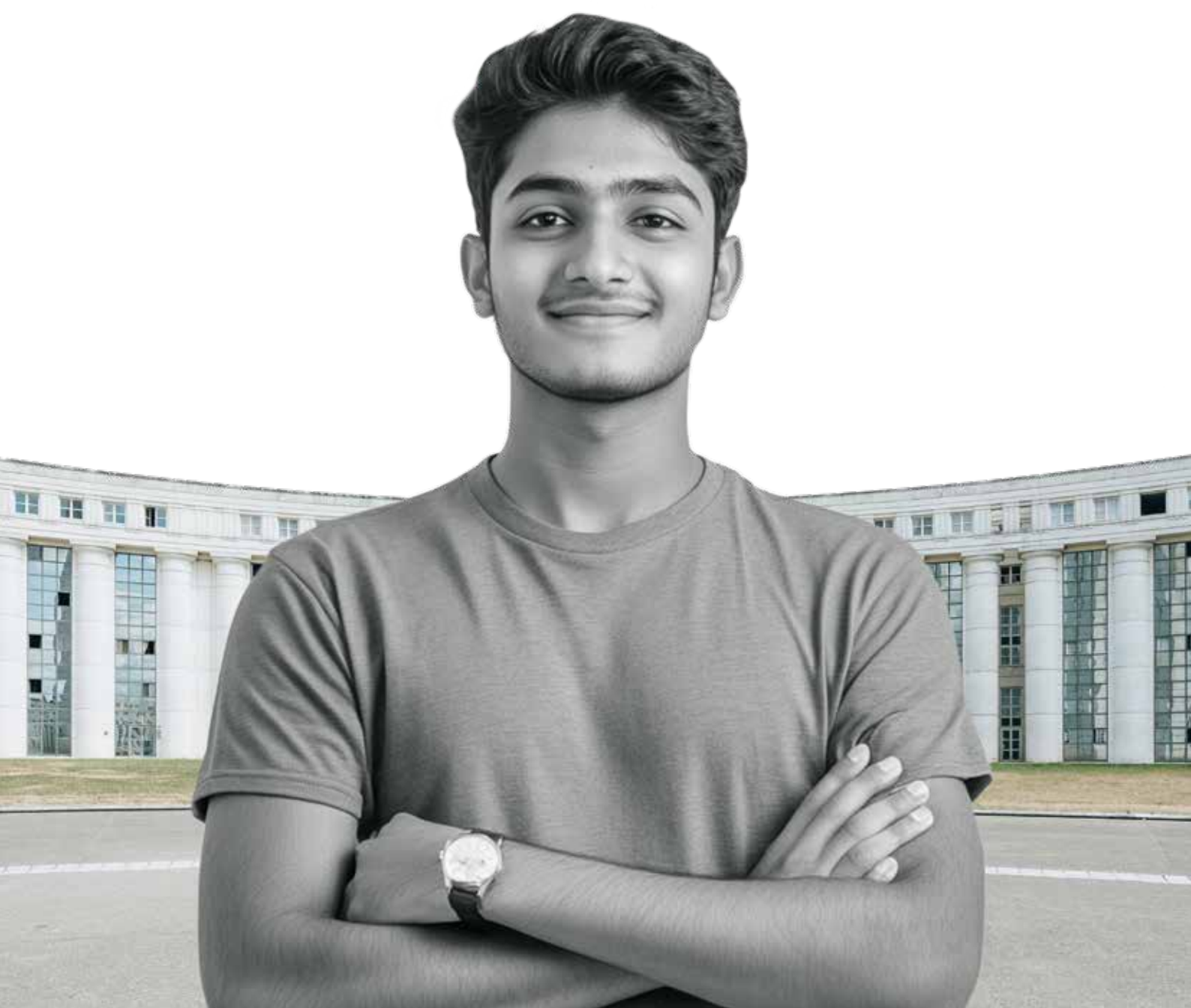
Neeraj Swaroop
Chairperson and Independent Director
(DIN: 00061170)

Amit Gaiinda
Managing Director and CEO
(DIN: 09494847)

Place: Mumbai
Date: April 28, 2026



ANNEXURE I





ANNEXURE I

Details of Employees' Stock Option Scheme Pursuant to the Provisions of the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2026

Sr. No.	Particulars	ESOP Scheme 2019	ESOP Scheme 2024
I.	Options Granted	11,987,106	3,596,782
II.	Options Vested	5,309,007	381,738
III.	Options Exercised	946,466	-
IV.	Total Number of shares arising as a result of Exercise of Option	946,466	-
V.	Options Lapsed	2,635,852	19,700
VI.	Exercise Price	427	427
VII.	Variation of Terms of Options	-	-
VIII.	Money Realised by Exercise of Option	-	-
IX.	Total Number of Options in Force (Excluding Exercise Options)	8,404,788	3,577,082

X. Employee wise details of options granted during the financial year ended March 31, 2026

a. Details of Options granted to Key Managerial Personnel ("KMP")

Name of KMP	Number of Options granted during the year
Shailendra Dhupiya, Chief Financial Officer with effect from March 5, 2026	118,532

b. Identified employees who were granted options, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

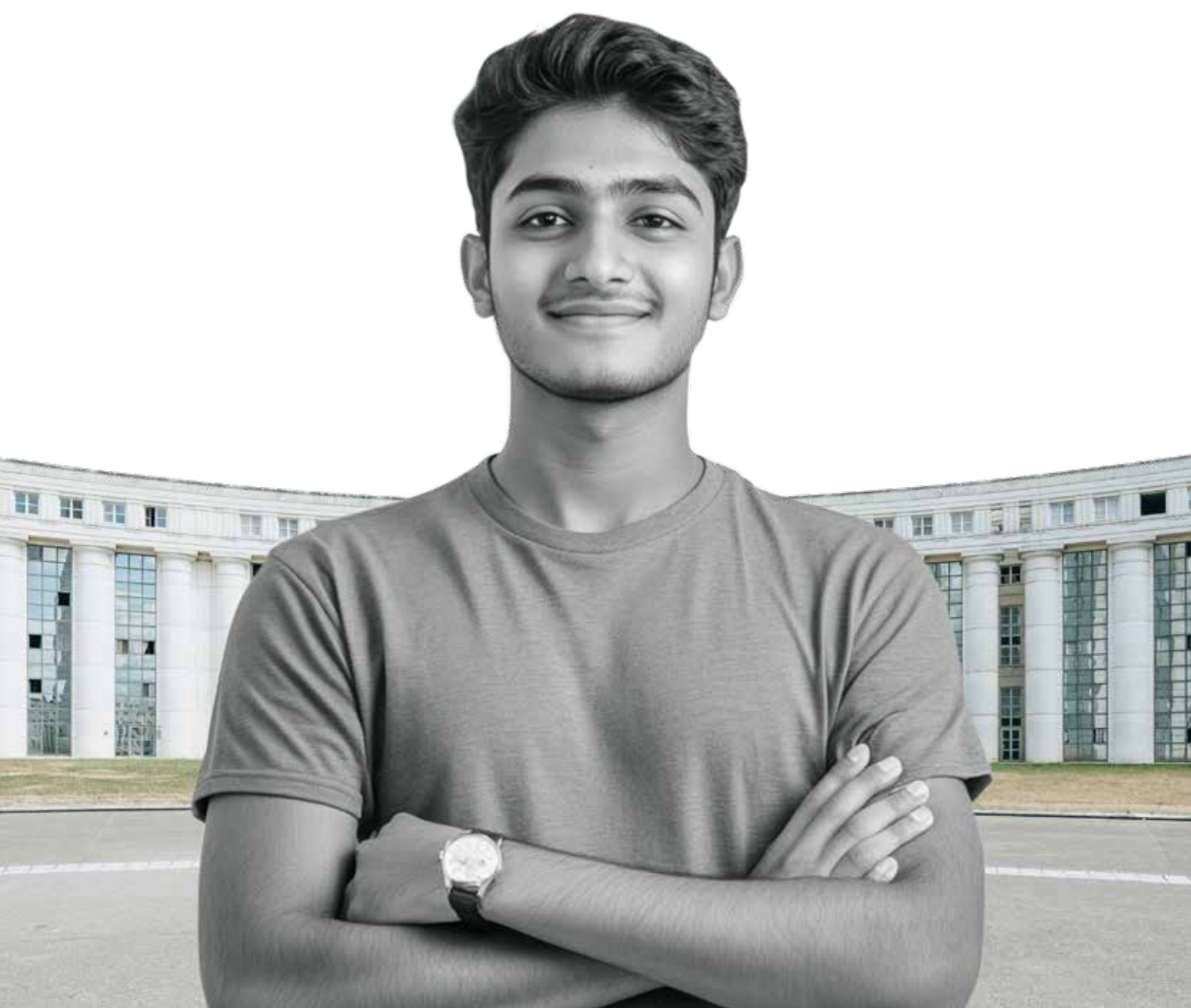
NA

c. Any other employee who received grant of options amounting to 5% or more of the Options granted during the year –

Name of the Employee and Designation	Number of Options Granted during the Year
None	Nil



ANNEXURE II





FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013,
read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures

Part A: Subsidiaries

(₹ in crore except Exchange Rate)

Name of the Subsidiary Company	Avanse Global Finance IFSC Private Limited
The date since when subsidiary was acquired / incorporated	January 11, 2023
Reporting Currency	INR
Exchange Rate as on the last date of the relevant Financial Year	1 \$= Rs. 94.6543
Share Capital (Equity)	196.80
Reserves and Surplus	11.06
Total Assets	308.53
Total Liabilities	100.67
Investments	-
Turnover (Total Income)	10.47
Profit / (Loss) Before Taxation	(1.13)
Provision for Taxation	(0.05)
Profit / (Loss) After Taxation	(1.08)
Proposed Dividend	Nil
Extent of Shareholding (in %)	100%

None of the subsidiaries have been liquidated or sold during the year.

Part B: Associates and Joint Ventures

Since the Company does not have any associate or joint ventures, this section is not applicable. Further, no associate or joint ventures has been liquidated or sold during the year under review.

For and on behalf of the Board of Directors of Avanse Financial Services Limited

Neeraj Swaroop

Chairperson and Independent Director

(DIN: 00061170)

Amit Gaiinda

Managing Director and CEO

(DIN: 09494847)

Shailendra Dhupiya

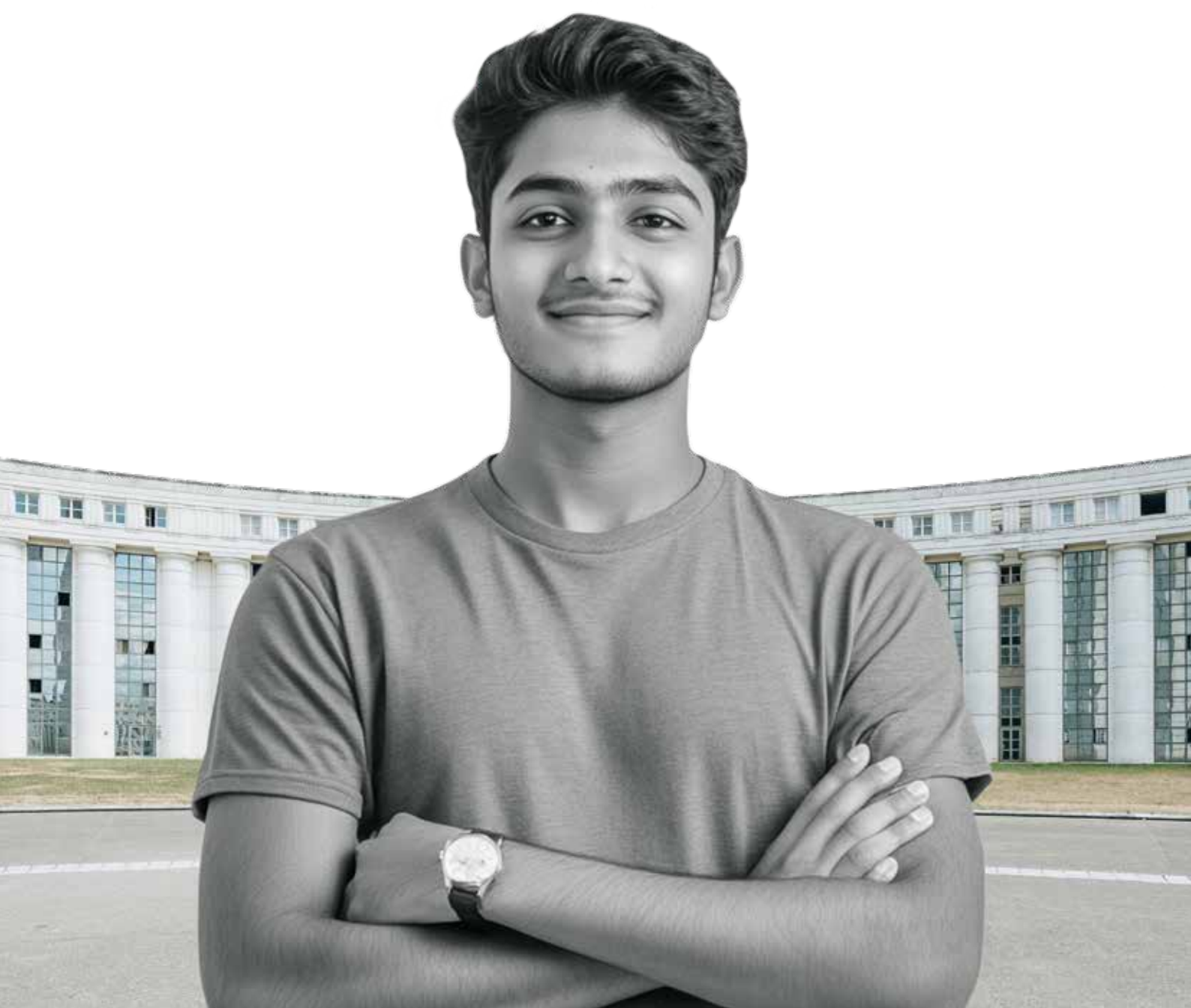
Chief Financial Officer

Rajesh Gandhi

Company Secretary



ANNEXURE III





SECRETARIAL AUDIT REPORT

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
for the Financial Year ended March 31, 2026

[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

4th Floor, E-Wing, Times Square, Andheri-Kurla Road,
Gamdevi, Marol, Andheri East, Marol Naka,
Mumbai-400059, Maharashtra

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.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by the Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

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 on March 31, 2026 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and 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 on March 31, 2026 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to the Company during the Audit Period)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable to the Company during the Audit Period)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not Applicable to the Company during the Audit Period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 regarding the Companies Act and dealing with client;



AVANSE FINANCIAL SERVICES LIMITED

ANNEXURE III

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not Applicable to the company during the Audit Period) and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018. (Not Applicable to the company during the Audit Period).

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder. ('Listing Regulations')

During the audit period the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. as mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company with classification as 'Non-Banking Financial Company (NBFC) – Middle Layer' has complied with the Master Direction – Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Directions 2023 and also with the IRDAI (Registration of Corporate Agents) Regulations, 2015.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days (except in 2 instances where meetings are convened at a shorter notice for which necessary approvals obtained as per applicable provisions), and a 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 decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are 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.

We further report that during the audit period, the Company has:

1. Obtained the approval of the Members by way of special resolution in its Annual General Meeting held on June 17, 2025, for the following matters:
 - a. Enhancement of existing borrowing limit from ₹18,000 Crore to ₹22,000 Crore under Section 180 (1) (c) of the Act.
 - b. Issuance of Non-Convertible Debentures not exceeding ₹5,000 crores during a period of one year from the passing of the resolution.
2. Altered its Articles of Association by restoring the provisions of original Shareholder's Agreement dated March 06, 2024 executed between the Company and amongst, Olive Vine Investment Ltd, International Finance Corporation ("IFC"), Kedaara Capital Growth Fund III LLP, Kedaara Pichola Holding Limited (together termed as "Kedaara") and Alpha Investment Company LLC read with a Deed of adherence dated March 22, 2024 executed by and between the Company and Avendus Future Leaders Fund II (collectively "the Shareholders") in order to define their mutual rights and obligations and set out terms and conditions governing their relationship through special resolution passed at an Extraordinary general meeting held on November 13, 2025.
3. Obtained the approval of the Members by way of special resolution in its Extra Ordinary General Meeting dated December 19, 2025, for the following matters:
 - a. Reclassification of the existing Authorized Share Capital of ₹ 200,00,00,000 divided into 35,00,00,000 equity shares of ₹ 5/- each and 2,50,00,000 preference shares of ₹10/- into Authorized Share Capital of ₹ 200,00,00,000 divided into 30,00,00,000 equity shares of ₹ 5/- each and 5,00,00,000 preference shares of ₹ 10/- each.



AVANSE FINANCIAL SERVICES LIMITED
ANNEXURE III

- b. Issuance of 3,17,43,514 fully paid-up 0.0001% compulsorily convertible preference shares ("CCPS") having face value of ₹ 10/- each at an issue price of ₹ 378.03 per CCPS including premium of ₹ 368.03 per CCPS. Further, Company allotted the CCPS on December 26, 2025.
4. Issued and redeemed non-convertible debentures of ₹100,00,00,000 and ₹725,00,00,000 respectively.
5. Issued and redeemed commercial papers of ₹160,00,00,000 and ₹210,00,00,000 respectively.

For Makarand M. Joshi & Co.
Company Secretaries
ICSI UIN: P2009MH007000
Peer Review Cert. No.: 6832/2025

Saurabh Agarwal
Partner

FCS: 9290
CP No.: 20907
UDIN: F009290H000222261

Date: April 28, 2026
Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



AVANSE FINANCIAL SERVICES LIMITED
ANNEXURE III

'Annexure A'

To,
The Members,
Avanse Financial Services Limited
4th Floor, E-Wing, Times Square, Andheri-Kurla Road,
Gamdevi, Marol, Andheri East, Marol Naka,
Mumbai-400059, Maharashtra

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. Wherever 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 of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Makarand M. Joshi & Co.
Company Secretaries
ICSI UIN: P2009MH007000
Peer Review Cert. No.: 6832/2025

Saurabh Agarwal
Partner

FCS: 9290
CP No.: 20907
UDIN: F009290H000222261

Date: April 28, 2026
Place: Mumbai



ANNEXURE IV





NOMINATION, REMUNERATION, SUCCESSION 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 in Section 178 (3) of the Companies Act, 2013 (Companies Act) and the rules made thereunder, each as amended and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (SEBI Listing Regulations 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.

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, the Companies Act, the SEBI Listing Regulations and / or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. POLICY

A) Appointment / Nomination Criteria:

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 and other applicable laws, as amended from time to time.

- i) 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.
- ii) 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.
- iii) The Committee shall be duly informed about the appointment of any Senior Management Personnel.
- iv) Any other criteria as the Committee may deem fit and / or mentioned in the applicable laws.
- v) Within the permissible limit prescribed under the Companies Act and / or any other applicable laws, for the time being in force, no Independent Director of the Company shall be on the Board of Directors of other NBFCs (i.e. NBFC – Middle Layer and / or NBFC-Upper Layer) in excess of what has been permitted under the applicable provisions of the RBI (NBFC - Governance) Directions, 2025 or such other direction or guidelines, for the time being in force, issued by the Reserve Bank of India and / or any other regulatory authority or body, from time to time.



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 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 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, the rules made thereunder and SEBI Listing Regulations as amended from time to time and other applicable laws, if any.
- iii. The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.
- iv. The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.
- v. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Companies Act.
- vi. 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 at a rate not exceeding 1% per annum of the profits of the Company as per the provisions of Articles of Association, Section 198 of the Companies Act, rules made there under and other applicable laws, if any. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.
- 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.

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.



AVANSE FINANCIAL SERVICES LIMITED
ANNEXURE IV

- 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) SUCCESSION PLAN FOR THE BOARD

A well-defined succession plan will ensure that the Company continues to get strategic guidance on the areas like business plans, corporate performance, governance, risk and control and effective monitoring of the management from the Board.

Towards the above and for effective succession plan of the Board, the NRC shall

- a. Review and analyze , on a continuous basis, the composition of the Board;
- b. Consider the need to appoint new Director(s) on the Board, which may arise owing to resignation / vacation of office by any Board Member or due to any change in regulatory framework / requirement or to meet the need to navigate the Company and its Management on its growth trajectory;
- c. In case any Director is due for retirement in next 6 months, the Committee may review the possibility of re-appointment of such Director, subject to applicable laws and the meeting of the fit and proper criteria by such Director, on basis of evaluation of performance of such Director and on the basis of fit & proper criteria and the Director's willingness to be re-appointed;

Based on the above, the Committee shall evaluate the need for appointment of Director(s), category of Director(s) to be appointed alongwith the desired profile of the proposed Director(s).

Procedure to be followed post assessment of need to appoint Director(s):

- (i) Once the need to appoint Director(s) is assessed, the Committee shall, as soon as reasonably practicable, recommend to the Board, sufficient number of candidates for appointment.
- (ii) The Committee shall review the profile of the prospective candidates for appointment as Director on the Board taking in consideration knowledge, experience, financial literacy / expertise, global market awareness, gender diversity and other relevant factors as may be considered appropriate. The Committee shall be guided by the Board Diversity Policy in this regard.
- (iii) The Committee shall also assess the Fit and Proper criteria of the prospective candidate as required under the RBI guidelines.
- (iv) If a director's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as early as possible to implement the process described herein above.
- (v) The Committee shall recommend to the Board the suitable candidate for appointment as Director(s) including recommendation as to the tenure, remuneration / compensation (in case of non-independent director) of such candidate.

5. AMENDMENTS

Any amendment to this Policy shall be done post obtaining approval from the Board.

It is hereby clarified that if and when any applicable laws concerning the subject matter of this Policy are promulgated, amended, enacted, re-enacted or modified, this Policy shall, unless otherwise prescribed, be deemed to be amended to take into account or to give effect to such promulgated, amended, enacted, re-enacted or modified applicable laws.



ANNEXURE V





ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2025-26

1. Brief outline on the CSR Policy of the Company:

The Policy outlines, amongst other things, the Company's philosophy, objectives and mechanism for undertaking CSR initiatives for the welfare and sustainable development of the community at large, while continuing to follow the Company's vision to make quality education accessible for deserving underserved Indian students through the Company's CSR initiative.

2. Composition of CSR Committee:

Name of Member	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Ms. Savita Mahajan	Independent Director & Chairperson	2	2
Mr. Ravi Venkatraman	Independent Director & Member	2	2
Mr. Hemant Mundra	Non-Executive Director and Member	2	2

3. The web-link where Composition of CSR committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

<https://www.avanse.com/investors>

4. Provide the executive summary along with the web-link of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Though the Company is not required to carry out impact assessment of CSR projects pursuant to the aforesaid provisions, as a matter of prudence and good governance, during the year under review, the Company has carried impact assessment of Samarthanam Trust for Disabled & Mukangan Education Trust. The executive summary thereof is as under:

Samarthanam exceeded its target by supporting 286 youth, mostly students with disabilities and underserved individuals—enabling 200 to graduate and 14 to secure employment averaging Rs. 16,000 monthly, while shifting family and institutional mindsets. Concurrently, Mukangan delivered high-quality foundational schooling, achieving ~83% first-division SSC pass rates and near-zero dropouts through a tight 1:15 teacher ratio and 280–290 annual instructional days. The program directly reaches 3,800+ students and trains 1,000+ community teachers, indirectly impacting over 97,000 children.

5. (a) Average net profit of the company as per sub-section (5) of section 135:

₹ 4,51,45,22,527

(b) Two percent of average net profit of the company as per sub-section (5) of section 135:

₹ 9,02,90,451

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:

Nil

(d) Amount required to be set-off for the financial year, if any:

Nil

(e) Total CSR obligation for the financial year (b+c-d):

₹ 9,02,90,451

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):

₹ 8,90,04,722

(b) Amount spent in Administrative Overheads:

₹ 95,278

(c) Amount spent on Impact Assessment, if applicable:

₹ 12,00,000



AVANSE FINANCIAL SERVICES LIMITED
ANNEXURE V

(d) Total amount spent for the Financial Year [(a) + (b) + (c)]:
₹ 9,03,00,000

(e) CSR amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (in ₹)	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub section (5) of section 135			Amount Unspent (in ₹)
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer	
9,03,00,000		NA			NA	

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	9,02,90,451
(ii)	Total amount spent for the Financial Year	9,03,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	9,549
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL*

(*) Though the Company had spent excess amount during the year under review, the same has not be categorised as amount available for set-off pursuant to the third proviso of Section 135(5) of the Act read with Rule 7(3) of the Companies (Corporate Social Responsibility) Rules, 2014.

(g) Details of Unspent Corporate Social Responsibility for the preceding three financial years:

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance amount in Unspent CSR account under sub-section (6) of section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY2024-25				NA			
2	FY2023-24				NA			
3	FY2022-23				NA			

7. Whether any capital assets have been created or acquired through CSR amount spent in the financial year:
No

If yes, enter the number of capital assets created/ acquired:
NA



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ANNEXURE V

Furnish the details relating to such asset(s) so created or acquired through CSR amount spent in the financial year:

Sr. No.	Short Particulars of the property / asset(s) (including complete address and location of the property)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / authority / beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration no., if applicable	Name	Registered address
NA							

8. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of Section 135.
 NA

For and on behalf of the Board of Directors

Amit Gainda
 Managing Director and CEO

DIN: 09494847
 Place: Mumbai
 Date: April 28, 2026

Savita Mahajan
 Independent Director and Chairperson of the CSR Committee

DIN: 06492679



ANNEXURE VI





FORM 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 transaction under third proviso thereto

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

Not applicable as all the contracts or arrangements or transactions with the related parties were carried out at arm's length basis during the year under review.

2. Details of contracts or arrangements or transactions not at Arm's length basis:

a. Name (s) of the related party & nature of relationship:

Olive Vine Investment Ltd, Kedaara Capital Growth Fund III LLP and International Finance Corporation, shareholders of the Company holding ten percent or more of the paid-up equity share capital of the Company.

b. Nature of contracts/arrangements/transaction

Recovery of expenses incurred for the proposed IPO from the aforesaid shareholders on a pro-rata basis pursuant to SEBI's Observation Letter

c. Duration of the contracts/arrangements/transaction

Not applicable

d. Salient terms of the contracts or arrangements or transaction including the value, if any

Total amount to be recovered from the aforesaid shareholders: ₹ 15.4 crore

e. Date of approval by the Board

The aforesaid transactions were approved by the Board of Directors at their meeting held on October 15, 2025.

f. Amount paid as advances, if any

Nil

For and on behalf of the Board of Directors of Avanse Financial Services Limited

Neeraj Swaroop

Chairperson and Independent Director
(DIN: 00061170)

Amit Ginda

Managing Director and CEO
(DIN: 09494847)

Place: Mumbai

Date: April 28, 2026



ANNEXURE VII





REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of 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 recognises 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.

2. Board of Directors ("the Board")

Your Company has a broad-based Board which consists of eminent individuals from industry, management, technical, financial and banking backgrounds. The Company is managed by the Board in coordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time to ensure that it remains aligned with statutory as well as business requirements.

The Company has a judicious mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board. Independent Directors on the Board possess professional and business acumen of all fields at the Board level. As on March 31, 2026, the Board comprised of 10 directors consisting of 5 Independent Directors [including 2 Independent Woman Directors], 4 Non-Executive Directors nominated by the shareholders and 1 Managing Director and CEO.

The details of proposed changes in the directors and recommendation for re-appointment of directors retiring by rotation are provided in the Board's Report.

The Chairman of the Board is an Independent Director. There is no inter-se relationship between the directors of the Company and none of the directors hold any shares or convertible instruments of the Company except Mr. Amit Gaiinda, Managing Director and CEO, who holds 2 (two) equity shares of the Company as a nominee shareholder of Olive Vine Investment Ltd.

All Independent Directors on the Board are Non-Executive Directors as defined under the Act and the SEBI Listing Regulations. The maximum tenure of the Independent Directors is in compliance with the Act and the SEBI Listing Regulations. In the opinion of the Board, the Independent Directors are independent of the management and fulfil the conditions of independence as prescribed under the SEBI Listing Regulations, the Act and other applicable laws.

In terms of provisions of the Act and the SEBI Listing Regulations, the directors have submitted necessary disclosures regarding the positions held by them on the Board and / or Committees of other companies from time to time. On the basis of such disclosures, it is confirmed that as on the date of this report, none of the Directors:

- (i) hold Directorship in more than 20 (twenty) companies including 10 (ten) public companies;
- (ii) hold Directorship in more than 7 (seven) listed entities and high value debt listed entities;
- (iii) serve as an Independent Director in more than 7 (seven) listed entities and high value debt listed entities;
- (iv) is a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees (i.e. Audit Committee and Stakeholders Relationship Committee) across all the public companies in which he/ she is a Director;

Further, none of the Independent Directors is / was at any time during the year under review, on the board of directors of more than 3 (three) NBFC – Middle Layer or NBFC – Upper Layer.

During the year under review, the Board met 8 times. The meetings of the Board were held on April 29, 2025 (and reconvened on April 30, 2025), August 12, 2025 (and reconvened on August 13, 2025), October 15, 2025 (and reconvened on October 16, 2025), December 17, 2025, January 20, 2026, February 9, 2026, March 5, 2026 and March 18, 2026.

The details of each member of the Board as on March 31, 2026, attendance of each such Director at the Board Meetings and at the last AGM, along with the number of Directorship / Committee Membership are given below:



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ANNEXURE VII

Sr. No.	Name of Director, DIN, Designation, Category and Date of Appointment	No. of other Directorship ¹	Outside Committee Positions Held ²		Names of other listed entities where Director holds Directorship and category ³	No. of Board meeting of the Company attended during the year	Whether attended last AGM of the Company?
			Member (including as Chairperson)	Chairperson			
1	Mr. Neeraj Swaroop (DIN: 00061170) Chairperson-Non-executive Independent Director 30/07/2019	4	4	1	i. Nominee Director at Spandana Sphoorty Financial Limited ii. Independent Director at SBFC Finance Limited	8	No
2	Ms. Vijayalakshmi Iyer (DIN: 05242960) Non-executive Independent Director 30/07/2019	10	7	1	Independent Director at i. ICICI Bank Limited ii. Computer Age Management Services Limited iii. CG Power and Industrial Solutions Limited iv. Glenmark Pharmaceuticals Limited	8	No
3	Ms. Savita Mahajan (DIN: 06492679) Non-executive Independent Director 01/12/2018	4	3	1	Independent Director at i. India Shelter Finance Corporation Limited	8	Yes
4	Mr. Ravi Venkatraman (DIN: 00307328) Non-executive Independent Director 05/07/2021	10	9	5	Independent Director at i. SML Mahindra Limited ii. SBFC Finance Limited iii. Kotak Mahindra Prime Limited iv. Praxis Home Retail Limited	7	No
5	Mr. Rakesh Bhatt (DIN: 02531541) Non-executive Independent Director 08/03/2025	6	-	-	-	8	No



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Sr. No.	Name of Director, DIN, Designation, Category and Date of Appointment	No. of other Directorship ¹	Outside Committee Positions Held ²		Names of other listed entities where Director holds Directorship and category ³	No. of Board meeting of the Company attended during the year	Whether attended last AGM of the Company?
			Member (including as Chairperson)	Chairperson			
6	Mr. Narendra Ostawal (DIN: 06530414) Non-executive Non-Independent Director 30/07/2019	5	1	-	Nominee Director at IDFC First Bank Limited	4	No
7	Mr. Hemant Mundra (DIN: 08192978) Non-executive Non-Independent Director 01/07/2024	7	5	-	Nominee Director at Fusion Finance Limited	8	No
8	Mr. Sunish Sharma (DIN: 00274432) Non-executive Non-Independent Director 01/07/2024	4	1	-	Nominee Director at i. Vedant Fashions Limited ii. Spandana Sphoorty Financial Limited	3	No
9	Mr. Luca Molinari (DIN: 10615114) Non-executive Non-Independent Director 01/07/2024	1	-	-	-	3	No
10	Mr. Amit Gaiinda (DIN: 09494847) Executive Director- Managing Director & CEO 02/03/2022	2	1	1	-	8	Yes

- ^{1.} Number of other Directorships includes Directorships held in equity listed entities, the Company, unlisted public companies, private limited companies.
- ^{2.} Chairmanship/Membership of Audit Committee and Stakeholders Relationship Committee in all Indian public companies including the Company.
- ^{3.} Only equity listed entities and high value debt listed entities (other than the Company) are considered.



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ANNEXURE VII

Details of skills / expertise / competencies of the Board

The core skills / expertise / competencies as required in the context of the business, operations, governance and management of the Company, including of the industry in which the Company operates and those assessed to be available with the Board have been identified by the Board of Directors. All the Directors possess skills / expertise / competence / knowledge in the areas like Industry Expertise, Financial knowledge, Compliance and Corporate Governance, Risk Management, Strategic Planning, Investor Relationship, Stakeholder Centricity and Customer experience. The Managing Director & CEO also oversees, apart from other areas, through the Senior Management Personnel and Functional Heads, the Human Resource Management and Technology, Innovation and Automation. The Members of the NRC also possess skills / competencies in Human Resource Management and the Members of the Chair of the IT Strategy Committee possess knowledge / expertise in the areas like Technology, Innovation and Automation. The above is only indicative and the Board members possess / have demonstrated expertise, skills, knowledge and competencies in other areas as well which can be deduced from their respective profile which form part of this Annual Report.

While the Board members possess the skills identified, their area of core expertise is given below:

Name of the Director	Industry Knowledge	Customer Experience, Sales, Marketing	Sustainability & Investor Relationship	Financial Knowledge	Risk Management	Innovation / Technology	Compliance & Corporate Governance	Human Resource Development	Business Transformation & Strategy	General Management
Mr. Neeraj Swaroop	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Vijayalakshmi Iyer	✓			✓	✓	✓	✓	✓	✓	✓
Ms. Savita Mahajan	✓		✓		✓		✓	✓	✓	
Mr. Ravi Venkatraman	✓		✓	✓	✓		✓		✓	
Mr. Rakesh Bhatt	✓	✓			✓	✓	✓		✓	✓
Mr. Narendra Ostawal	✓	✓	✓	✓	✓			✓	✓	✓
Mr. Hemant Mundra	✓	✓	✓	✓	✓				✓	✓
Mr. Sunish Sharma	✓			✓	✓		✓		✓	✓
Mr. Luca Molinari			✓		✓		✓		✓	✓
Mr. Amit Gainda	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, expertise, diversity and independence.

Familiarisation Programme:

Pursuant to the applicable provisions of the SEBI Listing Regulations, the Company has adopted a Familiarisation Programme. The familiarisation programme aims to provide Independent Directors with the socio-economic environment, in which the Company operates, the business model, the operational and financial performance of the Company, to update the Independent Directors on a continuous basis on significant developments so as to enable them to take well-informed decisions in a timely manner.

The details of such familiarisation programmes for Independent Director(s) are put up on the website of the Company and can be accessed at <https://www.avanse.com/pdf/corporate-governance/19.%20Familiarisation%20programme%20for%20ID-%20Website.pdf>



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3. Senior Management (including KMP)

Details of the Senior Management of the Company as on March 31, 2026 are as under.

Name	Designation
Mr. Amit Gaiinda	Managing Director and CEO
Mr. Shailendra Dhupiya	Chief Financial Officer
Mr. Rajesh Kachave	Chief Business Officer – Student Lending International
Mr. Vivek Baranwal	Chief Business Officer – Education Loans – Domestic
Mr. Amit Yadav	Chief Treasury Officer and Chief Product Officer
Mr. Samir Mohanty	Chief Technology and Digital Transformation Officer
Mr. Ganesh Iyer	Chief Audit Officer
Mr. Sorabh Malhotra	Chief Risk Officer
Mr. Rajiv Kumar	Chief Compliance Officer
Mr. Achal Goel	Chief People Officer
Mr. Rajesh Gandhi	Company Secretary
Mr. Vivek Neelakantan	Chief Strategy Officer

During the year under review, Mr. Shailendra Dhupiya has been appointed as Chief Financial Officer in place of Mr. Vikrant Gandhi.

Further, post March 31, 2026, Mr. Achal Goel has resigned from the organization and Mr. Samir Mohanty has been given additional charge of Chief Practice Officer and Mr. Yogesh Rawat has been appointed as Chief Business Officer - Student Lending International in place of Mr. Rajesh Kachave.

4. The Company has adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same is available on the website of the Company at https://www.avanse.com/pdf/corporate-governance/Code_of_conduct_for_Board_and_SMPs.pdf

5. Committees of the Board

Your Board has constituted committees with specific terms of reference as per the requirements of the SEBI Listing Regulations, the Act, Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 ("RBI Governance Directions") and other applicable provisions. The Board has accepted all recommendations of the Committees of the Board during the Financial Year under review. The committees play a vital role in the effective compliance and governance of the Company in line with their specified and distinct terms of reference and role and responsibilities. The minutes of the Meetings of all Committees are placed before the Board for its perusal on a regular basis.

The Committees of the Board are elaborated hereunder:

a) Audit Committee

The constitution of this Committee is in compliance with the provisions of Section 177 of the Act, the Listing Regulations and RBI Governance Directions, as amended from time to time.

All the Members of the Audit Committee are financially literate. The Chairperson and Members of the Audit Committee have accounting or related financial management expertise.

The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Act, read with the Companies (Meeting of Board and its Powers) Rules, 2014, the Listing Regulations and as required by other applicable laws. The said terms of reference are provided in the Corporate Governance Policy of the Company which is available on the website of the Company at https://www.avanse.com/pdf/corporate-governance/Corporate_Governance_Code.pdf



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During the year under review, the Committee met 7 (seven) times i.e. on April 29, 2025 (and reconvened on April 30, 2025), August 12, 2025 (and reconvened on August 13, 2025), October 15, 2025 (and reconvened on October 16, 2025), December 17, 2025, January 20, 2026, March 5, 2026 and March 18, 2026.

The Board has not denied any of the recommendations made by the Audit Committee.

The composition of the Audit Committee as on March 31, 2026 and the details of attendance of each Committee Member at the aforesaid meetings is as follows:

Sr. No	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Mr. Ravi Venkatraman, Independent Director and Chairperson	7	7
2	Mr. Neeraj Swaroop, Independent Director & Member ⁴	7	7
3	Ms. Vijayalakshmi Iyer, Independent Director and Member	7	7
4	Mrs. Savita Mahajan, Independent Director and Member	7	7
5	Mr. Narendra Ostawal, Non-executive Director and Member	7	5
6	Mr. Sunish Sharma, Non-executive Director and Member	7	3

⁴ Mr. Neeraj Swaroop, Independent Director of the Company has been appointed as the Member w.e.f. April 23, 2025.

The Chairperson of the Audit Committee could not attend the previous Annual General Meeting of the Company held on June 27, 2025 ("AGM 2025"). However, he had authorised Ms. Savita Mahajan, member of the Committee, to attend the AGM 2025 and represent the Committee thereat.

The Statutory Auditors and the Chief Audit Officer of your Company are invited to attend the Audit Committee meetings. In addition, other Senior Management Personnel are also invited to the Audit Committee meetings from time to time, for providing such information as may be necessary. The Audit Committee monitors and effectively supervises your Company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain the integrity and quality of financial reporting.

During the year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. There were no material discrepancy or weakness in the internal control system of your Company.

b) Nomination, Remuneration and Compensation Committee ("NRC Committee")

The constitution of the NRC Committee is in compliance with the provisions of the Act and the Listing Regulations. The terms of reference of the Committee are in accordance with the provisions of Section 178 of the Act, read with the Companies (Meeting of Board and its Powers) Rules 2014, the Listing Regulations and as required by other applicable laws. The said terms of reference are provided in the Corporate Governance Policy of the Company which is available on the website of the Company at https://www.avanse.com/pdf/corporate-governance/Corporate_Governance_Code.pdf

During the year under review, the Committee met 6 (six) times i.e. on April 30, 2025, August 12, 2025, October 15, 2025, January 20, 2026, March 5, 2026 and March 31, 2026.

The composition of the NRC Committee as on March 31, 2026, and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Ms. Vijayalakshmi Iyer, Independent Director and Chairperson	6	6
2	Mr. Neeraj Swaroop, Independent Director and Member	6	6
3	Mr. Narendra Ostawal, Non-executive Director and Member	6	5



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None of the members of NRC could attend the AGM 2025. However, the Chairperson had authorized Ms. Savita Mahajan, member of the Board, to attend the AGM 2025 and represent the Committee thereat.

Performance Evaluation Criteria for Independent Directors:

The Board carried out an annual evaluation of its own performance, Committees of the Board and individual Directors for the Financial Year 2025-26. Manner of annual evaluation has been provided in the Board's report.

The Board of Directors reviewed the performance of the individual Directors including Independent Directors. The evaluation of Independent Directors was carried out based on criteria like (i) investment of time in understanding the Company and its unique requirements; (ii) ability to bring external knowledge and perspective to the table for discussion at the meetings; (iii) expression of views on the issues discussed at the meetings; (iv) ability to keep himself/ herself updated on the areas and issues that are likely to be discussed at the Board level and (v) providing strategic perspective.

The Independent Directors, at their separate Meeting held on April 15, 2026, reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairperson. The performance evaluation of the Independent Directors of the Company was carried out by the Board of the Company, excluding the Director being evaluated. The Board has expressed its satisfaction with the evaluation process.

c) Stakeholders' Relationship Committee ("SRC")

The constitution of SRC is in accordance with the provisions of the SEBI Listing Regulations. The terms of reference of this Committee, inter alia, include review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards in respect of various services rendered by the share transfer agent and to look into grievances of shareholders of the Company.

During the year under review, the Committee met on October 16, 2025.

The composition of the SRC as on March 31, 2026, and the details of attendance of each Committee Member at the above said meeting are as follows:

Sr. No	Name of Member	No. of Meetings	
		Held during the tenure	Attended
1	Mr. Neeraj Swaroop, Independent Director and Chairperson	1	1
2	Ms. Savita Mahajan, Independent Director and Member	1	1
3	Mr. Hemant Mundra, Non-Executive Director and Member	1	1

The Chairperson of the SRC could not attend AGM 2025. However, he had authorised Ms. Savita Mahajan, member of the Committee, to attend the AGM 2025 and represent the Committee thereat.

Mr. Rajesh Gandhi, Company Secretary and Compliance Officer is responsible for redressal of investor complaints.

Details of Shareholders' and Debenture Holders' Complaints

During the Financial Year 2025-26, no complaints were received from any of the shareholders or debenture holders.

Complaints Pending as on April 01, 2025	Complaints Received during the Period from April 01, 2025, to March 31, 2026	Complaints Disposed Off during the Period from April 01, 2025, to March 31, 2026	Complaints Pending as on March 31, 2026
Nil	Nil	Nil	Nil

d) Risk Management Committee ("RMC")

This Committee is constituted in compliance with the SEBI Listing Regulations and the RBI Governance Directions. The terms of reference of the Committee, inter alia, include ensuring formulation and implementation of the Risk Management Policy of the Company and are in line with the SEBI Listing Regulations and other applicable laws.

During the year under review, the Committee met 4 (four) times i.e. on April 30, 2025, August 13, 2025, October 15, 2025 and January 20, 2026.



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The composition of the RMC as on March 31, 2026 and the details of attendance of each Committee Member at the above said meetings are as follows:

Sr. No	Name of Member	No. of Meetings	
		Held during the tenure	Attended
1	Mr. Neeraj Swaroop, Independent Director and Chairperson	4	4
2	Mr. Ravi Venkatraman, Independent Director and Member	4	4
3	Ms. Vijayalakshmi Iyer, Independent Director and Member	4	3
4	Mr. Rakesh Bhatt, Independent Director and Member ⁵	4	4
5	Mr. Narendra Ostawal, Non-Executive Director and Member	4	3
6	Mr. Hemant Mundra, Non-Executive Director and Member	4	4
7	Mr. Luca Molinari, Non-Executive Director and Member	4	2
8	Mr. Amit Gaiinda, Managing Director and CEO and Member	4	4
9	Mr. Vikrant Gandhi, Chief Financial Officer & Member ⁶	4	4
	Mr. Shailendra Dhupiya, Chief Financial Officer & Member ⁶	-	-
10	Mr. Samir Mohanty, Chief Technology and Digital Transformation Officer and Member	4	4
11	Mr. Sorabh Malhotra, Chief Risk Officer and Member	4	4
12	Mr. Yogesh Rawat, Chief Operating Officer and Member	4	4
13	Mr. Amit Yadav, Chief Treasury Officer and Member ⁷	-	-

⁵ Appointed as member of RMC w.e.f. April 23, 2025.

⁶ Mr. Shailendra Dhupiya was appointed as Chief Financial Officer in place of Mr. Vikrant Gandhi w.e.f. March 5, 2026 and as such was inducted as a member of the Committee by role.

⁷ Chief Treasury Officer has been appointed as Member of RMC w.e.f. January 20, 2026.

e) Corporate Social Responsibility (CSR) Committee

This CSR Committee is constituted in compliance with the provisions of Section 135 of the Act and rules made there under. The terms of reference of the CSR Committee are in accordance with the provisions of Section 135 of the Act and as required by other applicable laws. The said terms of reference are provided in the Corporate Governance Policy of the Company which is available on the website of the Company at https://www.avanse.com/pdf/corporate-governance/Corporate_Governance_Code_new.pdf

During the year under review, the Committee met 2 (two) times i.e. on April 29, 2025 and October 15, 2025.

The composition of the CSR Committee as on March 31, 2026, and the details of attendance of each Committee Member at the aforesaid meetings are as follows:

Sr. No.	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Ms. Savita Mahajan, Independent Director and Chairperson	2	2
2	Mr. Ravi Venkatraman, Independent Director and Member	2	2
3	Mr. Hemant Mundra, Non-Executive Director and Member	2	2



AVANSE FINANCIAL SERVICES LIMITED

ANNEXURE VII

f) IT Strategy Committee ("ITSC")

This Committee is constituted in compliance with the RBI guidelines. The terms of reference are provided in the Corporate Governance Policy of the Company which is available on the website of the Company at https://www.avanse.com/pdf/corporate-governance/Corporate_Governance_Code_new.pdf

During the year under review, the Committee met 5 (five) times i.e. on April 29, 2025, August 12, 2025, October 15, 2025, December 17, 2025 and March 18, 2026.

The composition of the ITSC as on March 31, 2026 and the details of attendance of each Committee Member at the above said meetings are as follows:

Sr. No	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Mr. Rakesh Bhatt, Independent Director and Chairperson ⁸	5	5
2	Ms. Savita Mahajan, Independent Director and Member	5	5
3	Mr. Hemant Mundra, Non-Executive Director and Member	5	5
4	Mr. Amit Gaimda, Managing Director and CEO and Member	5	5
5	Mr. Vikrant Gandhi, Chief Financial Officer and Member ⁹	4	4
	Mr. Shailendra Dhupiya, Chief Financial Officer and Member ⁹	1	1
6	Mr. Samir Mohanty, Chief Technology and Digital Transformation Officer and Member	5	4
7	Mr. Amit Yadav, Chief Treasury Officer and Member ¹⁰	5	4
8	Mr. Sorabh Malhotra, Chief Risk Officer and Member	5	4
9	Mr. Yogesh Rawat, Chief Operating Officer and Member	5	4

⁸ Mr. Neeraj Swaroop ceased to be a Member and Chairperson of ITSC w.e.f. April 23, 2025, and Mr. Rakesh Bhatt has been appointed as a Member and Chairperson of ITSC w.e.f. April 23, 2025.

⁹ Mr. Shailendra Dhupiya was appointed as Chief Financial Officer in place of Mr. Vikrant Gandhi w.e.f. March 5, 2026 and as such was inducted as a member of the Committee by role.

¹⁰ Chief Treasury Officer has been appointed as Member of ITSC w.e.f. January 20, 2026.

g) Initial Public Offering ("IPO") Committee

The IPO Committee was constituted to oversee the IPO process of the Company. During the year under review, the IPO Committee met on October 15, 2025.

Sr. No	Name of Member	No. of Meeting	
		Held during the Tenure	Attended
1	Mr. Neeraj Swaroop, Independent Director and Chairperson	1	1
2	Ms. Ravi Venkatraman, Independent Director and Member	1	1
3	Mr. Narendra Ostawal, Non-Executive Director and Member	1	1
4	Mr. Hemant Mundra, Non-Executive Director and Member	1	1
5	Mr. Sunish Sharma, Non-Executive Director and Member	1	-
6	Mr. Amit Gaimda, Managing Director and CEO and Member	1	1



AVANSE FINANCIAL SERVICES LIMITED

ANNEXURE VII

h) Review Committee

This Committee is constituted in compliance with the Master Direction dated July 30, 2024, issued by the RBI for treatment of wilful defaulters and large defaulters. The Committee has been constituted for the purpose of reviewing the proposal of the Identification Committee for classification of borrower(s) as wilful defaulter(s). The terms of reference are provided in the Corporate Governance Policy of the Company which is available on the website of the Company at https://www.avanse.com/pdf/corporate-governance/Corporate_Governance_Code_new.pdf

During the year under review, no meeting of the Review Committee was held. The composition of the Review Committee as on March 31, 2026 is as follows:

Sr. No	Name of Member
1	Mr. Amit Gaiinda, Managing Director and CEO and Chairperson
2	Ms. Vijayalakshmi Iyer, Independent Director and Member
3	Mr. Hemant Mundra, Non-executive Director and Member

6. Remuneration to Directors

The Company has not entered into any pecuniary transactions with any of its Non-Executive Non-Independent Directors. Further, your Company does not pay any remuneration to any of its Non-Executive Non-Independent Directors.

All Non-Executive Independent Directors are paid sitting fees and commission. The Board approved the increase in sitting fees paid to the Independent Directors from ₹ 50,000 to ₹ 75,000/- for each meeting of the Board and from ₹ 40,000 to ₹ 50,000/- for each meeting of the committees of the Board at its Meeting held on April 29, 2025 (and reconvened on April 30, 2025). The Board also recommended to the Shareholders approval for increase in the Commission paid to the Independent Directors of the Company in the aforesaid meeting from ₹ 10,00,000 to all Independent Directors (additional ₹ 10,00,000 to the Chairperson of the Board) to ₹ 12,00,000 to all Independent Directors (additional ₹ 12,00,000 to the Chairperson of the Board). The Shareholders approved the increase in Commission for Independent Directors, as recommended by the Board, at their Annual General Meeting held on June 27, 2025. The said increase in the sitting fees and commission is effective from April 1, 2025.

During the year under review, the Company has paid a sitting fee of ₹ 75,000/- for each meeting of the Board and ₹ 50,000/- for each meeting of the committees of the Board to the Independent Directors. The Company also paid a commission of ₹ 12,00,000/- p.a. to all the Independent Directors and an additional commission of ₹ 12,00,000/- to the Chairperson of the Board for the year under review.

The details of payment of sitting fees and commission for the year under review are provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at <https://www.avanse.com/pdf/financials/Annual%20Return%20FY%202025-26.pdf>

The remuneration of Mr. Amit Gaiinda, Managing Director and CEO, comprises of salary, perquisites and other benefits as approved by the Shareholders of the Company. The terms of employment, including but not limited to the service contract, notice period, severance fees, remuneration etc. of Mr. Gaiinda is governed by the Employment Agreement executed between him and the Company. Details of the remuneration paid to Mr. Gaiinda for the year ended March 31, 2026 are provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at <https://www.avanse.com/pdf/financials/Annual%20Return%20FY%202025-26.pdf> There were no Options granted to Mr. Gaiinda during the year under review under the ESOP Schemes of the Company.

7. General Body Meetings

(i) Annual General Meeting ("AGM")

Location and Time Where Last Three AGMs Were Held:

Financial Year	Date	Time	Location
2024-25	June 27, 2025	11:00 AM	Registered Office of the Company
2023-24	July 12, 2024	2:20 PM	Registered Office of the Company
2022-23	September 27, 2023	4:50 PM	Registered Office of the Company



AVANSE FINANCIAL SERVICES LIMITED

ANNEXURE VII

Special Resolutions Passed in Previous Three AGMs

Sr. No.	Date of AGM	Special Resolution
1.	June 27, 2025	- Increase in the borrowing limit of the Company - Issue of Non-Convertible Debentures - Payment of commission to Independent Directors
2.	July 12, 2024	Issue of Non-Convertible Debentures
3.	September 27, 2023	- Issue of Non-Convertible Debentures on Private Placement Basis - Alteration in the Articles of Association of the Company - Increase in the borrowing limit of the Company - Creation of security in connection with the borrowings of the Company

(ii) Extra-Ordinary General Meeting

During the year under review, 3 (three) Extra-Ordinary General Meetings were held on April 29, 2025, November 13, 2025 and December 19, 2025. Details of special resolutions passed at those meetings are as follows:

Sr. No.	Date of Extra Ordinary General Meeting	Special Resolution
1.	April 29, 2025	Appointment of Mr. Rakesh Bhatt (DIN: 02531541) as an Independent Director of the Company
2.	November 13, 2025	Alteration of the articles of association of the Company
3.	December 19, 2025	Issue of Compulsorily Convertible Preference Shares on Rights Issue basis

(iii) Postal Ballot

There was no postal ballot conducted during the year under review. As per the Secretarial Standards on General Meeting ("SS-2"), the Company, being a Company having less than 200 members, is not required to transact business specified in SS-2 through Postal Ballot.

8. Means of Communication

I. Quarterly Results

The quarterly, half-yearly and annual financial results of the Company are intimated to the Stock Exchange within the timeline prescribed under the SEBI Listing Regulations.

II. Newspaper Publication

The quarterly, half yearly and annual financial results of the Company, along with any other requisite communication with respect to the IPO of the Company, were published in the English daily newspaper "Business Standard".

III. Website

Financial results, Annual Reports and other disclosure are updated on the website of the Company www.avanse.com. The website contains details as required under the SEBI Listing Regulations, the Act and other applicable laws.

IV. Official News Releases

The Company displays official news releases as and when the situation arises or when necessitated under the applicable laws.

V. Presentations

During the first half of the year under review, the Company made few investor presentations as a part of the road show for the IPO of the Company.

9. General Shareholder Information

a)	Incorporation Date	07/08/1992
b)	Registered Office Address	Times Square Building, E Wing, 4th floor, Opp. Mittal Industrial Estate, Gamdevi, Andheri Kurla Road, Marol, Andheri (East), Mumbai 400 059, Maharashtra
c)	Corporate Identification Number (CIN)	U67120MH1992PLC068060
d)	Date, time and venue of the AGM	As mentioned in the notice convening the AGM



AVANSE FINANCIAL SERVICES LIMITED

ANNEXURE VII

e)	Financial Year	2025-26												
f)	Dividend Payment date	NA												
g)	Listing on Stock Exchanges	Non-Convertible Debentures (NCDs) issued by the Company are listed on the Debt segment of the BSE Limited ("BSE") having address at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001												
h)	Payment of listing fees	The Company has paid the annual listing fees for the relevant period to BSE where its securities are listed.												
i)	Suspension of Company's Securities	NA												
j)	Registrar and Share Transfer Agents	MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India Tel: +91 022 49186000 Website: https://in.mpms.mufg.com/ Email ID: debtca@in.mpms.mufg.com												
k)	Share transfer system	The Company's shares are not listed on any stock exchange. The share transfers are governed by the provisions of the Act and the Articles of Association of the Company.												
l)	Distribution of shareholding	<table> <tr> <th>Category of Shareholder</th><th>% of equity shareholding</th><th>% of preference shareholding</th></tr> <tr> <td>Promoter and Promoter Group</td><td>59.32</td><td>67.95</td></tr> <tr> <td>Public</td><td>40.68</td><td>32.05</td></tr> <tr> <td>Total</td><td>100.00</td><td>100.00</td></tr> </table>	Category of Shareholder	% of equity shareholding	% of preference shareholding	Promoter and Promoter Group	59.32	67.95	Public	40.68	32.05	Total	100.00	100.00
Category of Shareholder	% of equity shareholding	% of preference shareholding												
Promoter and Promoter Group	59.32	67.95												
Public	40.68	32.05												
Total	100.00	100.00												
m)	Dematerialisation of shares and liquidity	All the shares of the Company are in dematerialised mode and the same are not listed on any stock exchange.												
n)	Outstanding Global Depository Receipts/ American Depository Receipts/ Warrants and Convertible Bonds, conversion date and likely impact on equity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible Bonds.												
o)	Commodity price risk or foreign exchange risk and commodity hedging activities	Not applicable.												
p)	Plant Locations	Since the Company is in the business of finance, the disclosure with regard to plant location is not applicable.												
q)	Address for Correspondence relating to grievances in relation to non-receipt of Annual Report, dividend and share/ security certificates sent for transfer etc. including any requests/ intimation for change in address, issue of duplicate share certificates, change in nomination shall be sent to	Company Secretary and Compliance Officer: Times Square Building, E Wing, 4th floor, Opp. Mittal Industrial Estate, Gamdevi, Andheri Kurla Road, Marol, Andheri (East), Mumbai 400 059, Maharashtra												
r)	Credit rating	Details of credit rating are provided in the Board's report.												

10. Other Disclosures

Related Party Transactions

The Company has made relevant disclosures on related party transactions, as required under regulation 53(f) read with Schedule V of the SEBI Listing Regulations in the Financial Statements of the Company for the year under review which forms part of the Annual Report. The Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions is displayed on the Company's website at <https://www.avanse.com/pdf/corporate-governance/Policy%20on%20Materiality%20of%20RPT%20and%20Dealing%20with%20RPT.pdf>



AVANSE FINANCIAL SERVICES LIMITED

ANNEXURE VII

Your Company has not entered into any materially significant related party transaction during the year under review.

Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years

No penalties or strictures were imposed on the Company.

Vigil Mechanism/ Whistle Blower Policy:

Details of Vigil Mechanism / Whistle Blower Policy are provided in the Board's report.

Regulatory Inspection

The Company is subject to periodic regulatory inspections by RBI. The last inspection was conducted for the financial position as on March 31, 2025. The RBI highlighted some observations as well as recommended areas of improvement in the last inspection by way of the Inspection and Risk Assessment Report ("IRAR") and Risk Mitigation Plan ("RMP"). The Company has been providing periodic updates to the RBI by way of progress reports on the status of IRAR and RMP. No penalties or enforcement actions have been recorded in past RBI inspection reports.

Compliance of mandatory and adoption of Discretionary requirements

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations as applicable to a High Value Debt Listed Entity. The Company has complied with the following discretionary requirements, as specified under Part E of Schedule II to Regulation 27(1) of the SEBI Listing Regulations:

- i. The Non-Executive Director is the Chairman of the Company
- ii. Auditors' report on Financial statements for the year ended on March 31, 2026, was unmodified
- iii. The Company has separated the post of Chairperson and that of the Managing Director and CEO
- iv. The Internal Auditor functionally reports to the Audit Committee

Disclosure of commodity price risks and commodity hedging activities

Not applicable.

Details of stock option and whether issued at a discount as well as the period over which accrued and over which exercisable

The disclosure pursuant to rule 12 of the Companies (Share Capital & Debentures) Rules, 2014, is provided in "Annexure I" of the Board Report. Further, the Company's equity shares are not listed hence issue of stock options at a discounted rate is not applicable.

Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A)

Not applicable.

Service contracts, notice period, severance fees

Not applicable for non-executive directors of the Company

Certificate from a Company Secretary in practice that none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority:

The Certificate is attached to this report.

Total fees for all services paid by the Company, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part

Total fees for all services paid by the Company, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part: ₹ 183.60 lakh.

Disclosure in relation to the sexual harassment of women at workplace (Prevention, Prohibition and redressal) Act, 2013 for the financial year 2025-26

Number of Complaints Open at the Beginning of the Financial Year	Number of Complaints Filed during the Financial Year	Number of Complaints Disposed Off during the Financial Year	Number of Complaints Pending as on End of the Financial Year
Nil	2	2	Nil



AVANSE FINANCIAL SERVICES LIMITED
ANNEXURE VII

Disclosure of Loans and advances by the Company and its subsidiary(ies) in the nature of loans to firms/ companies in which directors are interested by name and amount

No such loans or advances during the year under review.

Disclosures with respect to demat suspense account / unclaimed suspense account:

Not applicable

Disclosure of accounting treatment

Your Company has followed all the applicable Accounting Standards while preparing the financial statements.

Details of material subsidiary

The Company does not have any material subsidiary.

11. CEO/CFO Certification

The Managing Director & CEO and Chief Financial Officer have certified to the Board with regard to the financial statements and internal controls relating to financial reporting for the year ended March 31, 2026, as required under the SEBI Listing Regulations.

12. Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.:

"I hereby confirm that the Company has obtained from all the Members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of conduct for the Board of Directors and the Senior Management Personnel of the Company in respect of the financial year 2025-26."

Mr. Amit Gaiinda
Managing Director and CEO

13. Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the Directors' report.:

The Board periodically reviews the compliance of all applicable laws. The Company has been identified as a High Value Debt Listed Entity ("HVDLE") and is required to comply with relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"). The Company has complied with all applicable requirements under the SEBI Listing Regulations including various disclosure on the website of the Company. A Compliance Certificate that the Company is in compliance with the conditions of Corporate Governance as stipulated under the SEBI Listing Regulations forms part of this Report.

14. Details of Debenture Trustee of the Company

Contact Person : Ms. Priti Shetty

Name : Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited)

Address : 901, 9th Floor, Tower-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W),
Mumbai – 400013, Maharashtra, India

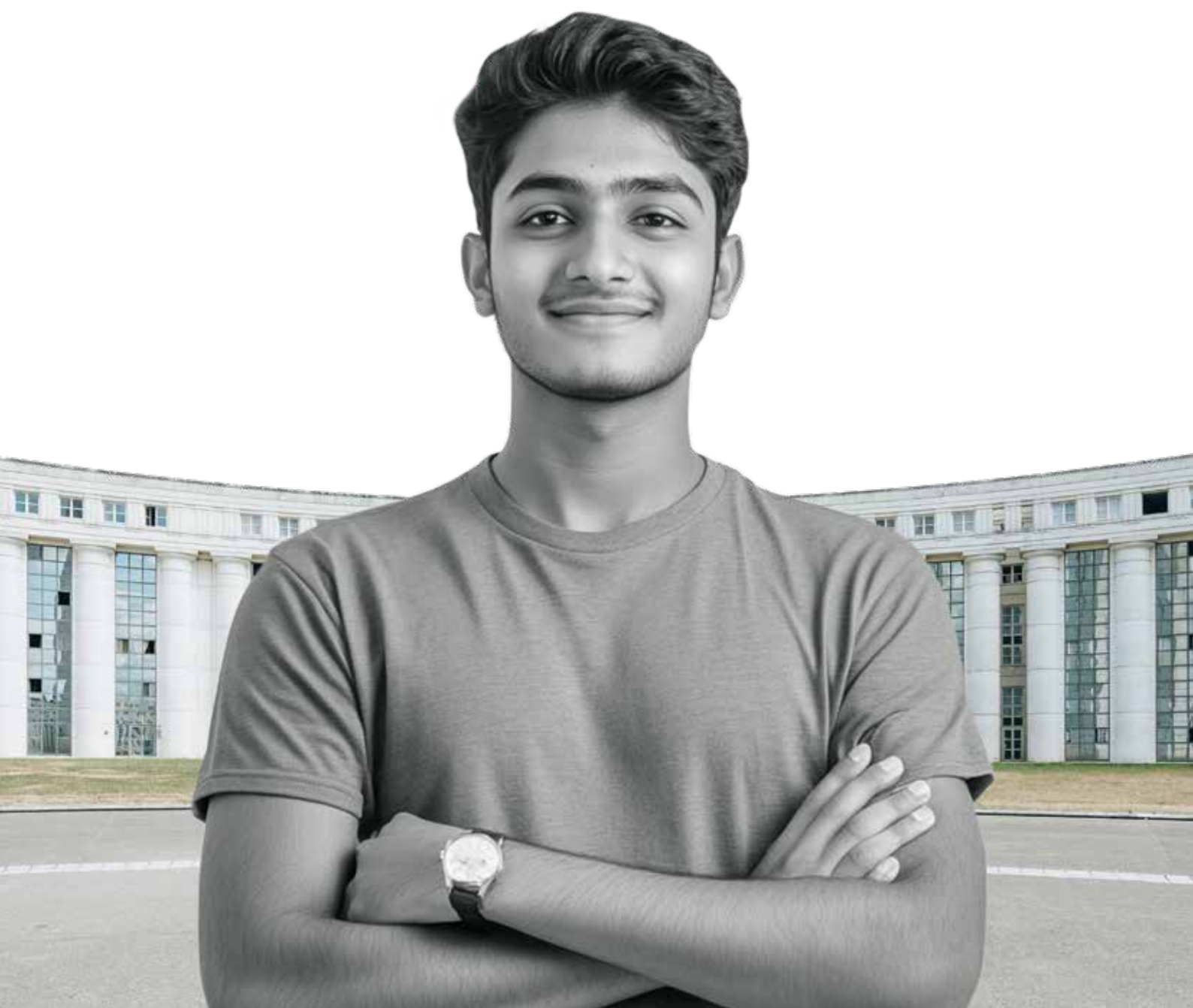
Contact Number : +91 (022) 49220529

Email Address : complianceCTL-Mumbai@ctltrustee.com

Website : www.catalysttrustee.com



ANNEXURE VII A





CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members,
AVANSE FINANCIAL SERVICES LIMITED

We have examined the compliance of Corporate Governance by Avanse Financial Services Limited ("the Company") for the financial year ended on March 31, 2026 as stipulated in Regulations 15 to 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") applicable on 'comply or explain' basis to the Company, being a high value debt listed entity.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

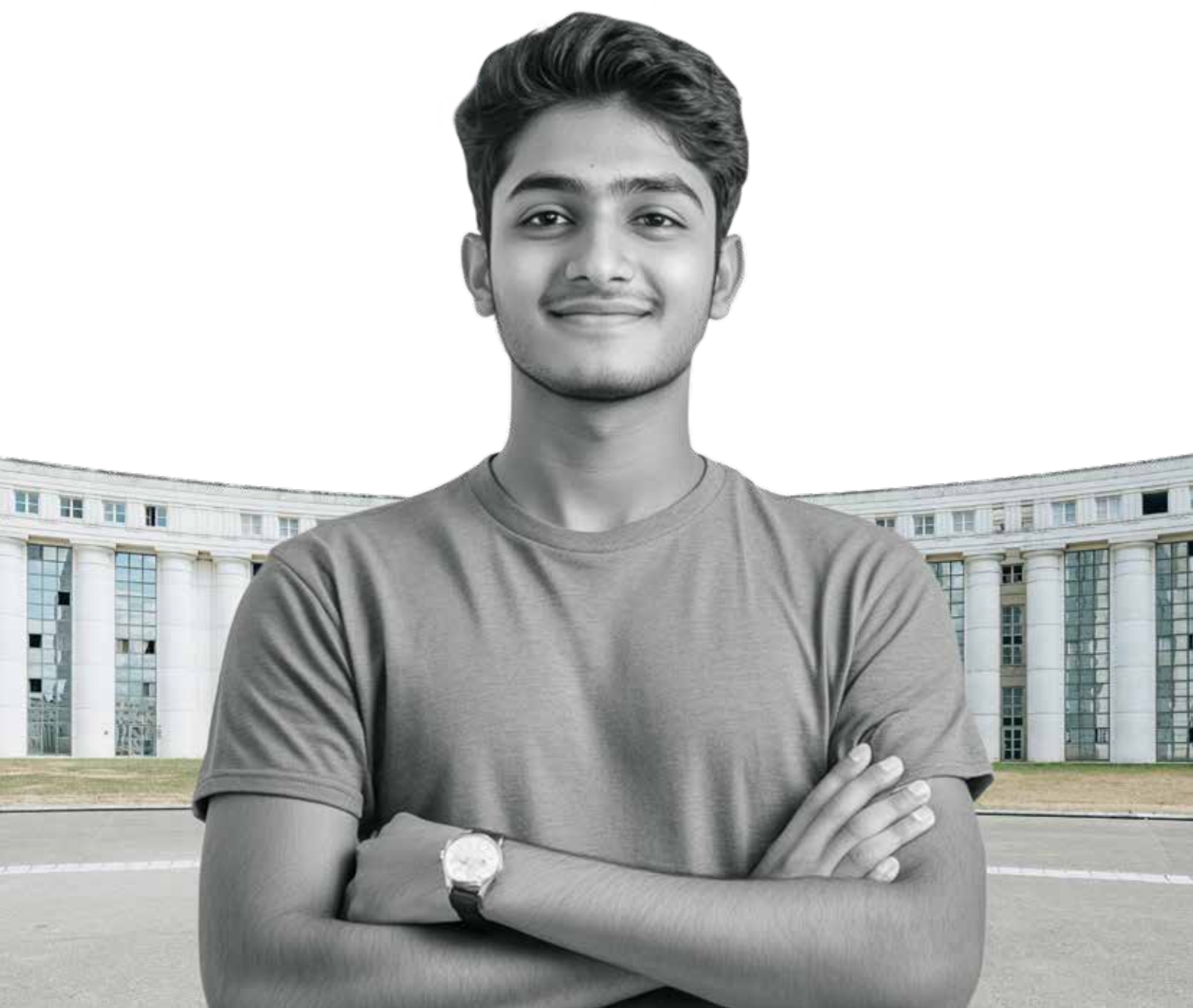
For Sachin Manseta & Associates

Sachin Manseta
Proprietor
Membership No. - 8279

Date : 21/04/2026
Place : Mumbai
UDIN : F008279H000169242



ANNEXURE VII B





CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to SEBI Operational Circular dated July 29, 2022 read with Para C clause (10)(i) of Schedule V the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
AVANSE FINANCIAL SERVICES LIMITED

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Avanse Financial Services Limited, having CIN U67120MH1992PLC068060(hereinafter referred to as "the Company") produced before us by the Company for the purpose of issuing this Certificate, in accordance with SEBI Operational Circular dated July 29, 2022 as amended from time to time read with Para-C Clause 10(i) of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March, 2026 or a part thereof of their appointment, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or the Reserve Bank of India or by the Insurance Regulatory and Development Authority or any such other Statutory Authority:

S. No.	Name of the Director as on March 31, 2026	DIN	Date of appointment
1.	Mr. Amit Gaiinda	09494847	02/03/2022
2.	Mr. Neeraj Swaroop	00061170	30/07/2019
3.	Mr. Ravi Venkatraman	00307328	05/07/2021
4.	Mrs. Vijayalakshmi Rajaram Iyer	05242960	30/07/2019
5.	Mrs. Savita Mahajan	06492679	01/12/2018
6.	Mr. Narendra Ostawal	06530414	30/07/2019
7.	Mr. Rakesh Induprasad Bhatt	02531541	08/03/2025
8.	Mr. Sunish Sharma	00274432	01/07/2024
9.	Mr. Hemant Omprakash Mundra	08192978	01/07/2024
10.	Mr. Luca Molinari	10615114	01/07/2024

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

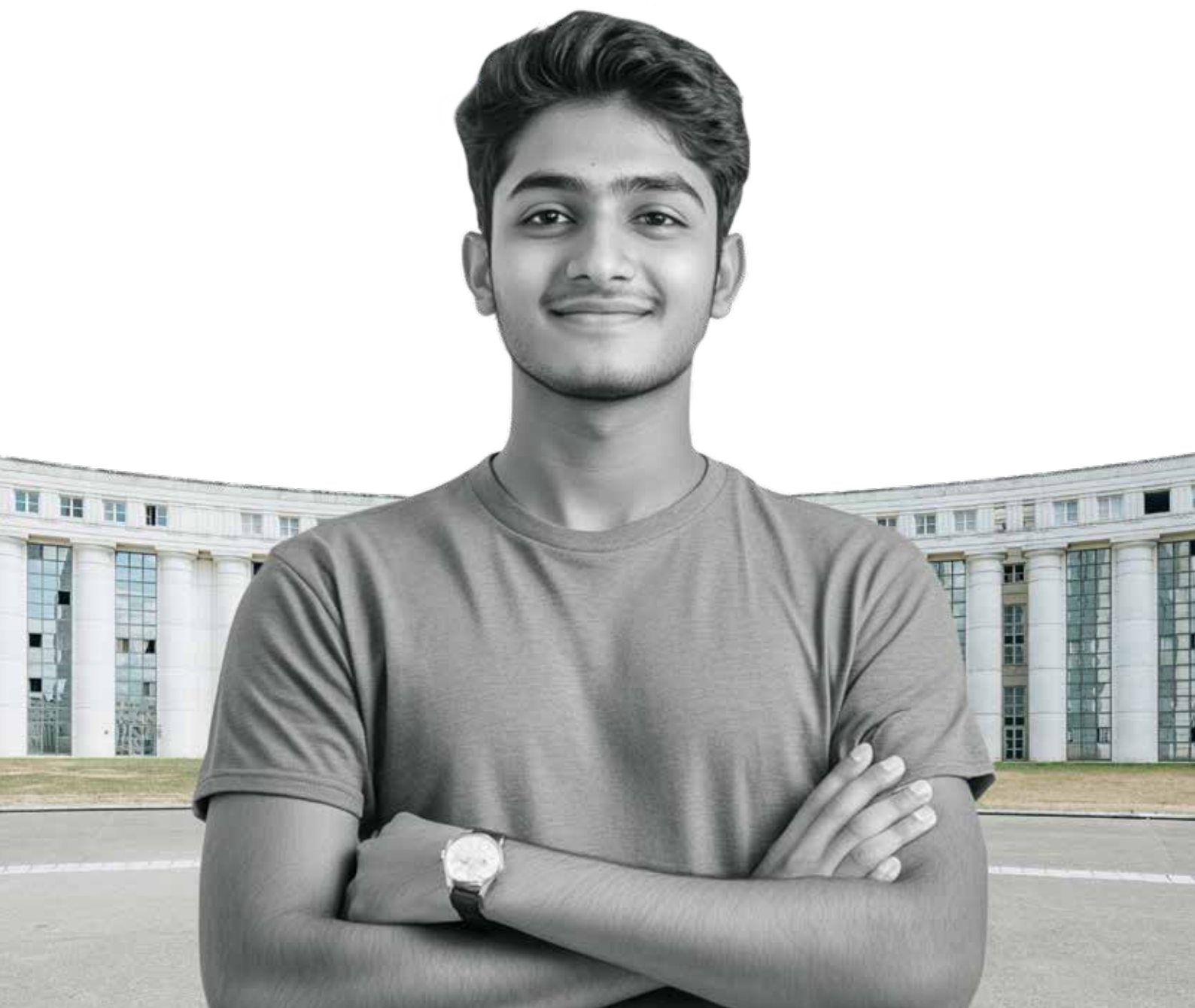
For Sachin Manseta & Associates

Sachin Manseta
Proprietor
Membership No. - 8279

Date : 21/04/2026
Place : Mumbai
UDIN : F008279H000169143



INDEPENDENT AUDITOR'S REPORT AND FINANCIALS





INDEPENDENT AUDITOR'S REPORT

To the Members of Avanse Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Avanse Financial Services Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2026, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Expected Credit Losses (ECL) on loan assets

Refer note 3.12 for material accounting policy on impairment of loan assets and notes 7, 26 and 40.4 for financial disclosures in the accompanying standalone financial statements. At 31 March 2026, the Company reported total gross loans of ₹ 2,060,053.71 lakhs (2025: ₹ 1,741,988.48 lakhs) and provision towards expected credit loss of ₹ 25,490.62 lakhs (2025: ₹ 17,036.45 lakhs).

Key Audit Matter

Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Company to provide for impairment of its loan assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loan assets.

ECL cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates and applying appropriate measurement principles in case of loss events, including additional considerations on account of Reserve Bank of India guidelines in relation to restructuring.

How our audit addressed the key audit matter

Our audit focused on assessing the appropriateness of management's judgment and estimates used in the computation of expected credit losses through the following procedures, but were not limited to the following procedures:

Examined the Board approved policy for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109;

- Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2026) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;



AVANSE FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • Segmentation of loan book into various buckets; • Determining the criteria for a significant increase in credit risk; • Factoring in future economic assumptions / conditions; • Techniques used to determine probability of default, loss given default and exposure at default; and • Management overlay estimated at stage level, cohort level, geography level or institutional level. These parameters are derived from the Company's internally developed statistical models with the help of management experts and other historical data. Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.	• Tested the completeness of loans included in the ECL calculations as of 31 March 2026 by reconciling it with the underlying reports. Also, tested the input data used in the PD and LGD model for ECL calculation for its completeness and accuracy with the underlying books of account and records; • Tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage; • Tested the appropriateness of determining EAD, PD and LGD, on sample basis. For exposure determined to be individually impaired, assessed their reasonableness and checked the resultant provision calculations; • Performed an overall assessment of the ECL provision levels at each stage, including management's assessment and provision on account of the Company's portfolio, risk profile, credit risk management practices as well as the macroeconomic environment; • Tested assumptions used by the management in determining the overlay for macro-economic and other factors; • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including mathematical accuracy of the workings; • Obtained written representations from the management in relation to appropriateness of such ECL methodology and reasonableness of the judgements and assumptions used; and • Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and the related RBI circulars/ guidelines.

Information Technology ('IT') Systems and Controls for the financial reporting process

Key Audit Matter	How our audit addressed the key audit matter
The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Amongst other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the standalone financial statements. The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans, computation of daily DPD amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above;



AVANSE FINANCIAL SERVICES LIMITED INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
Our areas of audit focus included user access management, changes to the IT environment and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems. Accordingly, due to the importance of the impact of the IT systems and automated controls and related control environment on the Company's financial reporting process, we have determined "IT Systems and Controls for the financial reporting process" as a key audit matter for the current year audit.	- On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: - Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments; - User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties; and - Other areas that were assessed under the IT control environment included batch processing and interfaces. - Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; and - Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.



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Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Matter

15. The standalone financial statements of the Company for the year ended 31 March 2025 were audited by Walker Chandio & Co LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 30 April 2025, whose reports have been furnished to Kirtane & Pandit LLP by the management and which have been relied upon by them for the purpose of their audit of the Standalone Financial Statements. Our conclusion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



AVANSE FINANCIAL SERVICES LIMITED
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18. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying standalone financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone financial statements have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2026 and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 30 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2026;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2026;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2026;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 41.24(XX)(d) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 41.24(XX)(e) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year ended 31 March 2026.



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- vi. As stated in note 43 to the standalone financial statements and based on our examination which included test checks, the Company, in respect of financial year commencing on 1 April 2025, has used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year or relevant period, in case of new software, for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

UDIN: 26105117EGOKQA7874

Place: Mumbai

Date: 28 April 2026

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No: 105215W/W100057

Pinky Nagdev

Partner

Membership No. 130815

UDIN: 26130815ESJURB9586

Place: Mumbai

Date: 28 April 2026



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INDEPENDENT AUDITOR'S REPORT

Annexure I referred to in paragraph 17 of the Independent Auditor's Report of even date to the members of Avanse Financial Services Limited on the standalone financial statements for the year ended 31 March 2026

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and relevant details of right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in note 11 to the standalone financial statements, are held in the name of the Company.
- (d) The Company has adopted cost model for its Property, Plant and Equipment (including right-of-use assets) and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) As disclosed in note 41.24(XX)(h) to the standalone financial statements, the Company has been sanctioned working capital limit in excess of ₹ 5 crores by banks or financial institutions based on the security of current assets during the year. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such returns are in agreement with the books of account of the Company for the respective periods, which were subject to audit.
- (iii) (a) The Company is a Non-Banking Finance Company ('NBFC') and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) The Company has not provided any guarantee or advances in the nature of loans during the year. However, the Company has made investment, given security and granted loans which, in our opinion, and according to the information and explanations given to us, are prima facie, not prejudicial to the interest of the Company.
- (c) The Company is a NBFC, registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Reserve Bank of India (Non-Banking Financial Companies) – Income Recognition, Asset Classification and Provisioning Directions, 2025. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/ receipts of principal and interest are regular except for instances as below, as also disclosed under note 7.2 to the standalone financial statements:

Particulars - Days Past Due	Aggregate amount outstanding for overdue loans as at 31 March 2026 (₹ In lakhs)	No. of Cases
SMA 0 (upto 30 days)	4,854.15	595
SMA 1 (31-60 days)	4,970.19	421
SMA 2 (61- 90 days)	3,075.26	212
More than 90 days	7,497.32	870



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Having regard to the nature of business of the Company and volume of the transactions, it is impractical to furnish the item-wise listing for the above-mentioned cases of delay in repayment of principal and interest.

- (d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to ₹ 7,497.32 lakhs as at 31 March 2026 in respect of 870 number of loans, as also disclosed in note 7.2 to the standalone financial statements. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.
- (e) The Company is a NBFC and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loan or advance in the nature of loan, which are repayable on demand or without specifying any terms or period of repayment.
- (iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, we report that there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ In lakhs)	Amount paid under Protest (₹ In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,981.65	733.67	FY 2019-20	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1,335.19	267.04*	FY 2023-24	Commissioner of Income Tax (Appeals)

*Amount under protest was paid subsequent to balance sheet date

- (viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.



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- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
- (f) In our opinion and according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has conducted non-banking financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Reserve Bank of India (Core Investment Companies) Directions, 2025) does not have any CIC.



AVANSE FINANCIAL SERVICES LIMITED
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- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to any ongoing project as at end of the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN: 26105117EGOKQA7874

Place: Mumbai
Date: 28 April 2026

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No: 105215W/W100057

Pinky Nagdev
Partner
Membership No. 130815

UDIN: 26130815ESJURB9586

Place: Mumbai
Date: 28 April 2026



AVANSE FINANCIAL SERVICES LIMITED INDEPENDENT AUDITOR'S REPORT

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Avanse Financial Services Limited ('the Company') as at and for the year ended 31 March 2026, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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



AVANSE FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2026, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

UDIN: 26105117EGOKQA7874

Place: Mumbai

Date: 28 April 2026

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No: 105215W/W100057

Pinky Nagdev

Partner

Membership No. 130815

UDIN: 26130815ESJURB9586

Place: Mumbai

Date: 28 April 2026



STANDALONE BALANCE SHEET AS AT MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
ASSETS			
I Financial assets			
(a) Cash and cash equivalents	4	2,21,413.88	1,17,419.50
(b) Bank balances other than cash and cash equivalents	5	55,409.98	8,518.10
(c) Derivative financial instruments	40.4	55,573.51	1,727.69
(d) Trade receivables	6	4,515.01	2,174.36
(e) Loans	7	20,34,563.09	17,24,952.03
(f) Investments	8	1,06,228.37	27,047.31
(g) Other financial assets	9	23,798.86	2,178.21
		25,01,502.70	18,84,017.20
II Non-Financial assets			
(a) Current tax assets (net)	10A	948.17	400.68
(b) Deferred tax assets (net)	10B	-	1,658.32
(c) Property, plant and equipment	11	3,437.71	4,257.23
(d) Capital work-in-progress	11	-	-
(e) Right of use assets	11	3,261.03	3,890.93
(f) Intangible assets under development	11	612.67	126.48
(g) Other intangible assets	11	1,802.59	2,154.47
(h) Other non-financial assets	12	2,278.10	4,255.41
		12,340.27	16,743.52
Total Assets		25,13,842.97	19,00,760.72
LIABILITIES AND EQUITY			
LIABILITIES			
I Financial Liabilities			
(a) Derivative financial instruments	40.4	-	4,656.33
(b) Trade payables	13		
- total outstanding dues of micro enterprises and small enterprises		37.44	1.15
- total outstanding dues of creditors other than micro enterprises and small enterprises		11,055.19	8,510.69
Other payables			
- total outstanding dues of micro enterprises and small enterprises			



AVANSE FINANCIAL SERVICES LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
- total outstanding dues of creditors other than micro enterprises and small enterprises	13	22.88	28.85
(c) Debt securities	14	3,07,846.67	3,71,959.70
(d) Borrowings (other than debt securities)	15	15,34,224.50	10,70,341.87
(e) Subordinated liabilities	16	5,064.22	5,056.51
(f) Other financial liabilities	17	47,783.03	23,991.56
		19,06,033.93	14,84,546.66
II Non-Financial Liabilities			
(a) Current tax liabilities (net)	10A	880.12	-
(b) Deferred tax liabilities (net)	10B	1,707.16	-
(c) Provisions	18	1,305.23	696.26
(d) Other non-financial liabilities	19	1,558.25	1,183.42
		5,450.76	1,879.68
III EQUITY			
(a) Equity share capital	20A	12,591.16	12,591.16
(b) Instruments entirely equity in nature	20B	3,174.35	-
(c) Other equity	21	5,86,592.77	4,01,743.23
Total Equity		6,02,358.28	4,14,334.39
Total Liabilities and Equity		25,13,842.97	19,00,760.73
The accompanying notes form an integral part of the Standalone Financial Statements	1 to 45		

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration
No. 001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration
No. 105215W/W100057

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

Pinky Nagdev
Partner

Membership No. 130815
Place : Mumbai
Date : April 28, 2026

Rakesh Bhatt
Director

DIN - 02531541
Place : Mumbai
Date : April 28, 2026

Amit Gaiinda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025
I Income			
Revenue from operations			
(a) Interest income	22	2,52,691.67	2,01,300.23
(b) Fees and commission income	23	18,679.08	22,393.83
(c) Net gain on fair value changes	24	1,272.69	1,466.76
(d) Net gain on derecognition of financial instrument under amortised cost basis		14,333.73	9,092.07
(e) Other operating income		1,221.55	311.33
Total revenue from operations		2,88,198.72	2,34,564.22
(f) Other income		692.93	515.51
Total income		2,88,891.65	2,35,079.73
II Expenses			
(a) Finance costs	25	1,53,000.20	1,21,699.73
(b) Impairment on financial instruments	26	11,629.74	6,469.22
(c) Employee benefits expense	27	19,529.80	16,919.56
(d) Depreciation and amortisation expense	11	4,120.24	3,473.28
(e) Other expenses	28	20,164.66	19,028.02
Total expenses		2,08,444.64	1,67,589.81
III Profit before tax		80,447.01	67,489.92
IV Tax expense			
(a) Current tax	10B	19,613.77	16,218.63
(b) Deferred tax	10B	1,038.75	848.61
Total tax expense		20,652.52	17,067.24
V Net profit for the year		59,794.49	50,422.68



AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025
VI Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/(losses) on post-retirement benefit plans		(40.57)	(88.55)
(ii) Income tax on above		10.21	22.29
Subtotal (A)		(30.36)	(66.26)
(B) Items that will be reclassified to profit or loss			
(i) Fair Value gain/(loss) on derivative financial instrument		9,285.38	(6,153.17)
(ii) Income tax on above		(2,336.94)	1,548.63
Subtotal (B)		6,948.44	(4,604.54)
Total other comprehensive income/(loss) (A+B)		6,918.08	(4,670.80)
VII Total comprehensive income/(loss)		66,712.57	45,751.88
VIII Earnings per equity share	29		
(Face value of ₹ 5/- each)			
Basic (₹)		22.98	20.02
Diluted (₹)		22.44	19.33
The accompanying notes form an integral part of the Standalone Financial Statements	1 to 45		

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration
No. 001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration
No. 105215W/W100057

For and on behalf of the Board of Directors of
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Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

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Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

	Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
A	Cash flow from operating activities			
	Profit before tax		80,447.01	67,489.92
	Adjustment for:			
	Interest income on loans*	22	(2,46,241.57)	(1,96,370.24)
	Depreciation and amortisation expenses	11	4,120.24	3,473.28
	Net gain on fair value changes	24	(1,272.69)	(1,466.76)
	Interest expense on borrowings	25	1,51,899.30	1,21,011.19
	Interest on fixed deposits	22	(3,638.87)	(3,128.19)
	Interest income from treasury bills	22	(822.67)	(1,801.80)
	Interest income from government securities	22	(946.49)	-
	Interest income from certificate of deposits	22	(20.56)	-
	Interest income on treasury bills repurchase	22	(1,021.51)	-
	Impairment of financial instruments	26	8,540.33	4,585.36
	Bad-debts written off	26	3,089.41	1,883.86
	Employee share based payment expenses	27	1,363.96	931.64
	Finance cost on lease liability	25	354.29	371.08
	(Profit) on sale of property, plant and equipments		(0.57)	(3.17)
	Cash flows used in operation before working capital changes and adjustment for interest received and paid		(4,150.39)	(3,023.83)
	Operational cash flows from interest			
	Interest received on loans*		98,131.84	67,998.98
	Interest paid on borrowings		(1,57,456.84)	(1,22,679.85)
	Working capital changes			
	Adjustment for:			
	(Increase) in loans*		(1,87,288.95)	(3,63,385.08)
	Decrease/(Increase) in other non-financial assets		1,977.31	(2,900.65)
	(Increase) in other financial assets		(7,486.24)	(639.70)
	(Increase) in trade receivables		(2,340.65)	(1,254.98)
	Increase/(Decrease) in other financial liabilities		24,288.72	(17,612.38)
	Increase in trade & other payables		2,574.82	1,127.06
	Increase/(Decrease) in other non financial liabilities		374.83	(588.72)
	Increase in provisions		568.40	305.24
	Cash (used in) operations		(2,30,807.14)	(4,42,653.91)
	Direct taxes paid (net)		(19,281.14)	(14,745.44)
	Net cash (used in) operating activities		(2,50,088.28)	(4,57,399.35)



AVANSE FINANCIAL SERVICES LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

	Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
B	Cash flow from investing activities			
	Investments in/sale of mutual fund units (net)		1,272.70	1,466.76
	Investments in/redemption of treasury bills (net)		15,284.78	1,742.84
	Investment in/redemption of treasury bills repurchase (net)		1,021.51	-
	Investment in certificate of deposits		(9,820.45)	-
	Investment in government securities		(67,475.36)	-
	Interest received on government securities		1,625.67	-
	Interest received on fixed deposits		3,010.48	3,185.53
	Investments in wholly owned subsidiary		(17,006.00)	-
	Purchase of property, plant & equipment and intangible assets		(2,287.40)	(3,492.02)
	Sale of property, plant & equipment and intangible assets		108.14	65.25
	Fixed deposit not considered as cash and cash equivalents (net)		(46,263.49)	14,385.30
	Net cash (used in) / generated from investment activities		(1,20,529.42)	17,353.66
C	Cash flow from financing activities			
	Proceeds from issue of compulsorily convertible preference shares (including securities premium, net-off of share issue expenses)	20B	1,19,947.36	(4.53)
	Debt securities issued		34,460.11	2,34,272.68
	Debt securities repaid		(91,407.77)	(1,65,121.48)
	Borrowings (other than debt securities) taken		7,10,959.16	5,64,070.00
	Borrowings (other than debt securities) repaid		(3,22,424.89)	(2,01,965.65)
	Proceeds from short-term borrowings (net)		24,554.93	(108.94)
	Principal payment of lease liability		(1,122.53)	(885.14)
	Interest paid on lease liability		(354.29)	(371.08)
	Net cash generated from financing activities		4,74,612.08	4,29,885.86
	Net increase/ (decrease) in cash and cash equivalents		1,03,994.38	(10,159.83)
	Cash and cash equivalents at the beginning of the year		1,17,419.50	1,27,579.33
	Cash and cash equivalents at the end of the year		2,21,413.88	1,17,419.50
	Cash and cash equivalents at the end of the year comprises of:			
	Cash in hand		1.46	2.28
	Balance with banks			
	- In Current accounts		64,521.36	74,867.85
	- In fixed deposit with original maturity of less than 3 months		1,56,885.77	42,537.74
	Cheques on hand		5.29	11.63
	Total		2,21,413.88	1,17,419.50

The accompanying notes form an integral part of the Standalone Financial Statements

1 to 45



AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

*Considering the nature of business wherein interest is capitalised within the respective loan, interest income has been adjusted with profit before tax and increase /(decrease) in loans and disclosed separately to the extent collected.

Notes:

1. Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 'Statement of Cash Flows'.
2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 'Statement of Cash Flows', prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.
3. For disclosure relating to changes in liabilities arising from financing activities refer note 33.

In terms of our report attached

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration
No. 001076N/N500013

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

For Kirtane & Pandit LLP

Chartered Accountants
Firm Registration
No. 105215W/W100057

Pinky Nagdev
Partner

Membership No. 130815
Place : Mumbai
Date : April 28, 2026

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Rakesh Bhatt
Director

DIN - 02531541
Place : Mumbai
Date : April 28, 2026

Amit Gaiinda

Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi

Company Secretary
Place : Mumbai
Date : April 28, 2026



STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

A. Equity Share Capital

(₹ in Lakhs)

Particulars	Balance as at April 1, 2024	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2025
Equity Share Capital	12,591.16	-	-	-	12,591.16

*Refer note no. 20A

Particulars	Balance as at April 1, 2025	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2026
Equity Share Capital	12,591.16	-	-	-	12,591.16

*Refer note no. 20A

Particulars	Balance as at April 1, 2024	Changes in CCPS due to prior period error	Restated balance at the beginning of the current year	Changes in CCPS during the year*	Balance as at March 31, 2025
Preference Share Capital	-	-	-	-	-

*Refer note no. 20B

Particulars	Balance as at April 1, 2025	Changes in CCPS due to prior period error	Restated balance at the beginning of the current year	Changes in CCPS during the year*	Balance as at March 31, 2026
Preference Share Capital	-	-	-	3,174.35	3,174.35

*Refer note no. 20B



AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

B. Other Equity

(₹ in Lakhs)

	Reserves and Surplus						Other Comprehensive Income	Total
	Securities Premium - CCPS (refer note 20 B)	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	
Balance as at April 1, 2024	- 2,88,163.93	52,566.55	47.45	1,904.22	13,374.54	(992.45)	3,55,064.24	
Profit for the year	-	50,422.68	-	-	-	-	50,422.68	
Other Comprehensive Income / (loss)	-	(66.26)	-	-	-	(4,604.54)	(4,670.80)	
Total Comprehensive Income for the year	-	50,356.42	-	-	-	(4,604.54)	45,751.88	
Transfers to Statutory reserve as per Section 45-IC of the RBI Act, 1934	-	(10,084.54)	-	-	10,084.54	-	-	
“Charge for the year in respect of Stock Options (Refer note 27)”	-	-	-	-	931.64	-	931.64	
Share issuance expenses	-	(4.53)	-	-	-	-	(4.53)	
Balance as at March 31, 2025	- 2,88,159.40	92,838.43	47.45	2,835.86	23,459.08	(5,596.99)	4,01,743.23	

(₹ in Lakhs)

	Reserves and Surplus						Other Comprehensive Income	Total
	Securities Premium - CCPS (refer note 20 B)	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	
Balance as at April 1, 2025	- 2,88,159.40	92,838.43	47.45	2,835.86	23,459.08	(5,596.99)	4,01,743.23	
Profit for the year	-	- 59,794.49	-	-	-	-	59,794.49	
Other Comprehensive Income / (loss)	-	(30.36)	-	-	-	6,948.44	6,918.08	
Total Comprehensive Income for the year	-	59,764.13	-	-	-	6,948.44	66,712.57	



AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

	Reserves and Surplus						Other Comprehensive Income	
	Securities Premium - CCPS (refer note 20 B)	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Total
Transfers to Statutory reserve as per Section 45-IC of the RBI Act, 1934	-	-	(11,958.90)	-	-	11,958.90	-	-
"Charge for the year in respect of Stock Options (Refer note 27)"	-	-	-	-	1,363.96	-	-	1,363.96
Securities premium on shares allotted during the year	1,16,825.65	-	-	-	-	-	-	1,16,825.65
Share issue expenses	(52.64)	-	-	-	-	-	-	(52.64)
Balance as at March 31, 2026	1,16,773.01	2,88,159.40	1,40,643.66	47.45	4,199.82	35,417.98	1,351.45	5,86,592.77

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration
No. 001076N/N500013

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

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Chartered Accountants
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Partner

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For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Rakesh Bhatt
Director

DIN - 02531541
Place : Mumbai
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Chief Financial Officer
Place : Mumbai
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Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

1. CORPORATE INFORMATION

Avanse Financial Services Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a non-banking financial company registered with the Reserve Bank of India ('RBI') and is primarily engaged in the business of financing education loans to students and education infrastructure loans to institutions. The Company is registered with Ministry of Corporate Affairs (Corporate Identity Number (CIN) U67120MH1992PLC068060). The non-convertible debentures of the Company are listed on BSE Limited.

The details of registration with RBI are as follows:

Registration number: B-13.01704

Category: Systemically Important Non-deposit taking Non-Banking Financial Company (NBFC NDSI)

Classification: Investment and Credit Company (ICC)

Layer: Middle Layer (NBFC-ML)

The registered office of the Company is E-Wing, 4th Floor, Times Square, Andheri - Kurla Rd, Gamdevi, Marol, Andheri East, Mumbai, Maharashtra 400059.

2. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

Presentation of financial statements

The Standalone Financial Statements comprises of the Standalone Balance Sheet as at March 31, 2026, the Standalone Statement of Profit and Loss (including Other Comprehensive Income/(Loss)), Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended March 31, 2026 and the statement of material accounting policies and explanatory notes (together referred to as "Standalone Financial Statements").

The standalone financial statements of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified along with other relevant provisions of the Act, the Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for implementation of Ind AS') and Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended. The Company uses accrual basis of accounting. The Company prepares and presents its Balance Sheet, Statement of profit and loss and the Changes in Equity in the format prescribed by Division III of schedule III of the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Historical cost convention

The financial statements have been prepared and presented on going concern basis and on 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.

Valuation governance framework

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 Standalone Financial Statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 (Share Based payments), leasing transactions that are within the scope of Ind AS 116 (Leases), and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 (Impairment of Assets).

Valuation principles

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.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

The Standalone Financial Statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

Maintenance of Books of Accounts

The Company has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 relating to maintenance of electronic books of account and other relevant books and papers. The Company's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis. With respect to maintenance of audit trail in respect of accounting software used by the Company pursuant to the requirements of the Companies (Accounts) Rules, 2014, refer note 43.

3. MATERIAL ACCOUNTING POLICIES

3.1 (a) Property, plant and equipment and Intangible Assets

i. Property, plant and equipment (PPE)

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 if it meets the cost criteria which is directly attributable to the asset acquired.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under. Leasehold improvement is depreciated on SLM over the lease term subject to a maximum of 5 years.

Category of Assets	Useful Life
Furniture & Fixtures	6 years
Computer Hardware	3 years
Vehicle	4 years
Office Equipment	5 years

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 assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company 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.

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.

3.1 (b) Impairment on non-financial assets

As at the end of each year, the Company reviews the carrying amount of its non financial assets 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 Standalone Statement of Profit and Loss (including other comprehensive income).



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 the Standalone Statement of Profit and Loss (including other comprehensive income).

3.2 Revenue Recognition

a. Interest Income

The Company recognises interest income using effective interest rate method (EIR) on all interest bearing financial assets subsequently measured under amortised cost. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company recognises the interest income by applying the EIR to the gross carrying amount of financial assets.

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 fair value through profit or loss (FVTPL), transaction costs are recognised in profit or loss at initial recognition.

b. Fees and Commission Income

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Delayed payment charges (penal charges) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation basis.

Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company considers the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, the company excludes the estimates of variable consideration that are constrained. The Company applies the five-step approach for recognition of revenue:

- i. Identification of contract(s) with customers;
- ii. Identification of the separate performance obligations in the contract;
- iii. Determination of transaction price;
- iv. Allocation of transaction price to the separate performance obligations; and
- v. Recognition of revenue when (or as) each performance obligation is satisfied.

Fee and commission income include fees other than those that are an integral part of EIR. The fee & commission included in this part of the Standalone Statement of Profit and Loss (including other comprehensive income) include among other things fees charged for servicing a loan, commission on forex and insurance commission.

Fee and Commission Income are recognised after the performance obligation in the contract is fulfilled and commission income such as insurance commission and fee income, etc. are recognised on point in time or over the period basis, as applicable.

c. Investment Income

The gains/ losses on sale of investments are recognised in the Standalone Statement of Profit and Loss (including other comprehensive income) on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

d. Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio sold and the rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS is based on the behavioural cash flows on execution of the transaction, discounted at the rate entered into



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with the assignee and recorded upfront (net off of servicing cost) in the Standalone Statement of Profit and Loss (including other comprehensive income). EIS is evaluated and adjusted for ECL.

3.3 Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves—

- a) the use of an identified asset,
- b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. As a lessee, the Company determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Standalone Statement of Profit and Loss (including other comprehensive income).

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

3.4 Borrowing costs

Interest expenses is calculated using effective interest rate ('EIR') and calculation of the EIR includes all fees paid that are incremental and directly attributable to the issue of a financial liability. EIR is calculated by considering all costs attributable to acquisition of a financial liability and it represents a rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

All other borrowing costs which are not incremental and not directly attributable to the issue of a financial liability are recognised in the Statement of Profit and Loss (including other comprehensive income) in the period in which they are incurred.



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3.5 Employee Benefits

Share-based payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield. The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to Standalone Statement of Profit and Loss (including other comprehensive income) is credited with corresponding decrease in equity.

Defined Contribution Plan

Payments to defined contribution plans are recognised as expense in the Statement of Profit and Loss (including other comprehensive income) of the period 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.

The Company's contribution paid/ payable during the period to National Pension Scheme is recognised in the Standalone Statement of Profit and Loss (including other comprehensive income).

Defined Benefit Obligation

In accordance with Indian law, the Company operate a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment in accordance with the provisions under the Code on Social Security, 2020.

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 at each reporting date by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (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 period. Net interest expense and other expenses related to defined benefit plans are recognised in the Standalone Statement of Profit and Loss (including other comprehensive income).

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 Standalone Statement of Profit and Loss (including other comprehensive income). 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, compensated absences and short term incentive plan which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.6 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Standalone Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income ('OCI') or directly in equity, in which case, the current and deferred tax are also recognised in OCI 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 Standalone Statement of Profit and Loss because of items of income or expense that are taxable or deductible in



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other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date."

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority."

3.7 Goods and Service Tax Input Credit

Goods and Services tax (GST) 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. GST not available for credit is charged under respective nature of expenses."

3.8 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.

3.9 Commitments

Commitments are future liabilities for contractual expenditure/cash outflow, 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 and
- iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.



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

3.10 Cash and Cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Balance Sheet.

3.11 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 and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial Measurement of Financial Instruments

The financial assets and financial liabilities are initially measured at fair value, except for trade receivables. 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. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Standalone Statement of Profit and 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 Standalone 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.

Cash Flow Hedge

The Company enters into derivatives such as cross currency interest rate swap contracts and interest rate swap contracts to mitigate interest rate risk and foreign exchange rate risk exposure on external commercial borrowings and foreign currency loans. These instruments are designated as cash flow hedges. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Standalone Statement of Profit and Loss (including other comprehensive income). If the hedging instrument no longer meets the criteria for hedge accounting, it is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period of the hedge was effective, remains in cash flow hedge reserve until the ECB is derecognised. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Standalone Statement of Profit and Loss (including other comprehensive income) upon the derecognition of the hedged item.

3.12 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;



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- Debt instrument that are held in a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and that have contractual cash flows that are SPPI on the principal amount outstanding, are measured at fair value through other comprehensive income (FVOCI);
- 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 FVOCI 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

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, its contractual terms should give rise to cash flows that are meeting 'solely payments of principal and interest' ('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.

Debt instruments that are subsequently measured at amortised cost 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 FVOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVOCI 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 FVOCI 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.



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Investments in subsidiaries

The Company recognises investments in subsidiaries at cost and are not adjusted to fair value at the end of each reporting period as allowed by Ind AS 27 'Separate Financial Statement'.

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 financial year 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.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition. The Company has transferred the financial asset if, and only if, either: - It has transferred its contractual rights to receive cash flows from the financial asset Or - It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement. Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

1. The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
2. The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
3. The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either: - The Company has transferred substantially all the risks and rewards of the asset or The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Standalone Statement of Profit and Loss account (including other comprehensive income).

Impairment of financial assets

Overview of the Expected Credit Loss (ECL) principle

The Company records allowance for ECL 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.

Loans:

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). 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 ECL 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 ECL. 12-month ECL are portion of the life-time ECL 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.



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A loss allowance for 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.

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 - Assets upto 30 days of principal / interest overdue.
- Stage 2 - (a) Assets with principal / interest past due between 30 to 90 days (b) Loans that have not necessarily crossed the 30 DPD threshold but meet the Company's defined internal parameters for Significant Increase in Credit Risk (SICR).
- Stage 3 - Non-performing assets (credit impaired assets) with principal /interest past due more than 90 days and cases where frauds have been identified. Loan accounts where principal and/or interest are past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

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.

Significant Increase in Credit Risk:

Accounts which are in 31 - 90 days overdue bucket are considered as accounts where there has been a significant increase in credit risk (SICR) since initial recognition but are not credit-impaired.

This definition of Staging is subject to SICR criteria developed, in which case the accounts which meet the SICR criteria are classified as Stage II even though they have not breached the backstop indicator conditions (i.e. 0-30 days overdue).

- A. Restructured Asset (COVID-19 Restructuring): The Company has reclassified covid restructured loans under One Time Restructuring 1.0 and 2.0 by downgrading loans in 0-30 days overdue to "Stage II". Loans which are already in Stage II shall not be further reclassified.
- B. Restructured Asset other than COVID-19 Restructuring: If any case is classified as restructured other than covid restructuring, then the account is downgraded to Stage III.

Other financial assets:

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the Balance Sheet. 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 115, the Company always measures the loss allowance at an amount equal to lifetime ECL. Further, for the purpose of measuring lifetime ECL allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109.

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

Write-off

Loans 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 continue to apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment reversals.

3.13 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company 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 our 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. Transaction costs incurred in relation to an equity transaction are deducted from equity, net of associated income tax, if any.

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 EIR method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The EIR method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR 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 the Standalone Statement of Profit and Loss.

3.14 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by aggregate of weighted average number of equity shares outstanding during the year and weighted average number of compulsorily convertible instruments during the year .

For the purpose of calculating diluted earnings per share, the net profit or loss 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.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

3.15 Critical accounting judgements and key sources of estimation uncertainties

(a) Preparation of financial statements

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 Standalone Financial Statements (including other comprehensive income) 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. Accounting estimates and judgements are used in various line items in the Standalone Financial Statements for e.g.:

- Business model assessment (Refer note no. 3.12 and 7)
- Derecognition of financial assets (Refer note no. 3.12 and 41.11)
- Fair value of financial instruments (Refer note no. 40.2)
- Impairment of financial assets (Refer note no. 3.12,7 and 40.4 (i))
- Provisions and contingent liabilities (Refer note no. 3.8 and 30)
- Provision for tax expenses (Refer note no. 3.6 and 10)
- Effective interest rate (Refer note no. 3.2, 3.4, 22 and 25)
- Short term and long term employee benefit (Refer note no. 3.5, 18, 27 and 36)

(b) Accounting Standards (Amendment to Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. MCA notified followings amendments

1. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The amendment provides guidance on when a currency is exchangeable into another currency and how to determine the exchange rate when it is not. The Company has evaluated this and determined there is no significant impact on its financial statements.
2. Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. Specifically, the amendment removes the previous "carve-out" regarding covenant breaches. For a liability to be classified as non-current, any right to defer settlement for at least 12 months must have substance and be based on compliance with conditions (covenants) on or before the reporting date. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.
3. Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – These amendments require detailed disclosures regarding the nature, carrying amounts, and liquidity risk concentrations of supplier finance arrangements. As the Company primarily operates as a lending institution and does not utilize such arrangements for its own payables, there is no significant impact.
4. Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. This relief is immediate and applies retrospectively. This does not have any impact on the Company's financial statements.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

4. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	1.46	2.28
Balances with banks:		
- In Current Accounts	64,521.36	74,867.85
- In Fixed deposit (with original maturity of 3 months or less)	1,56,885.77	42,537.74
Cheques on hand	5.29	11.63
Total*	2,21,413.88	1,17,419.50

*Encumbered: Nil (March 31, 2025: Nil)

5. Bank balances other than cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed deposits (with original maturity of more than 3 months)		
Encumbered (Refer note 5.1)	1,049.71	2,251.70
Unencumbered	54,360.27	6,266.40
Total	55,409.98	8,518.10

5.1 Encumbrances on fixed deposits held by the Company

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed deposits pledged for:		
Availing credit enhancement towards securitisation transactions	1,048.44	2,250.52
Bank overdrafts	1.27	1.18
Total	1,049.71	2,251.70

6. Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured; considered good	4,515.01	2,174.36
Unsecured; which has significant increase in credit risk	7.48	-
Total	4,522.49	2,174.36
Impairment loss allowance	7.48	-
Net receivables	4,515.01	2,174.36

- No trade or other receivable is due from directors or other officer of the Group either severally or jointly with any other person. Nor any trade or other receivable is due from firm including limited liability partnerships or private companies respectively in which any director is a partner or director or a member.
- The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars As at March 31, 2026	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due	Less than 6 months	6 months— 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed – considered good	1,624.66	1,507.39	1,370.24	12.72	-	-	-	4,515.01
Disputed – considered good	-	-	-	-	-	-	-	-
Undisputed – which have significant increase in credit risk	-	-	-	-	7.28	0.20	-	7.48
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	1,624.66	1,507.39	1,370.24	12w.72	7.28	0.20	-	4,522.49
Less: Impairment loss allowance	-	-	-	-	7.28	0.20	-	7.48
Total	1,624.66	1,507.39	1,370.24	12.72	-	-	-	4,515.01

Particulars As at March 31, 2025	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed – considered good	1,173.90	364.71	608.18	27.37	0.20	-	-	2,174.36
Disputed – considered good	-	-	-	-	-	-	-	-
Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	1,173.90	364.71	608.18	27.37	0.20	-	-	2,174.36
Less: Impairment loss allowance	-	-	-	-	-	-	-	-
Total	1,173.90	364.71	608.18	27.37	0.20	-	-	2,174.36

7. Loans

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost		
Loans		
Term loans*	20,60,053.71	17,41,988.48
Total – Gross (A)	20,60,053.71	17,41,988.48
Less: Impairment loss allowance (refer note 26)	25,490.62	17,036.45
Total – Net (A)	20,34,563.09	17,24,952.03
(a) Secured by tangible assets	3,60,692.30	2,98,355.59
(b) Secured by lien over balance in bank accounts of the borrower, fixed deposits, government guarantee etc.**	1,07,292.80	1,26,498.08
(c) Unsecured	15,92,068.61	13,17,134.81
Total – Gross (B)	20,60,053.71	17,41,988.48
Less: Impairment loss allowance	25,490.62	17,036.45
Total – Net (B)	20,34,563.09	17,24,952.03
(I) Loans in India		
Public Sector	-	-
Others	20,60,053.71	17,41,988.48
Total - Gross (C)	20,60,053.71	17,41,988.48
Less: Impairment loss allowance	25,490.62	17,036.45
Total - Net (C)	20,34,563.09	17,24,952.03
(II) Loans outside India	-	-
Total (C)	20,34,563.09	17,24,952.03

* Loans includes excess interest spread on loans derecognised through direct assignment and co lending arrangements amounting to ₹ 14,277.68 lakhs as at March 31, 2025.

** Includes loans temporarily secured by lien over balance in bank accounts of the borrower until their stated utilisation. The total amount of such lien is ₹ 92,399.46 lakh and ₹116,577.84 lakhs as at March 31, 2026 and March 31, 2025 respectively.

7.1 The business model of the Company is to hold the assets for generating contractual cash flows on account of principal and interest and hence these are held at amortised cost. The Company has established internal thresholds to monitor sales, as these thresholds have not been breached during financial year ended March 31, 2026 and financial year ended March 31, 2025, there has been no change to the underlying business model.

7.2 The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Category	Gross Carrying Amount	As at March 31, 2026	
		Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	20,29,735.75	13,580.51	20,16,155.24
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	22,820.64	5,635.85	17,184.79
Stage 3 - Credit impaired assets	7,497.32	6,274.26	1,223.06
Total	20,60,053.71	25,490.62	20,34,563.09

(₹ in Lakhs)

Category	Gross Carrying Amount	As at March 31, 2025	
		Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	17,26,170.26	10,319.44	17,15,850.82
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	11,366.82	2,947.23	8,419.59
Stage 3 - Credit impaired assets	4,451.40	3,769.78	681.62
Total	17,41,988.48	17,036.45	17,24,952.03

An analysis of changes in the gross carrying of loans:

(₹ in Lakhs)

For the year ended March 31, 2026	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	17,26,170.26	11,366.82	4,451.40	17,41,988.48
Transfer during the period				
Transfers to Stage 1	2,006.02	(1,984.09)	(21.93)	-
Transfers to Stage 2	(22,044.19)	22,647.22	(603.03)	-
Transfers to Stage 3	(6,541.04)	(2,175.67)	8,716.71	-
New credit exposure during the period and net of repayments	3,30,144.70	(7,033.64)	(1,395.89)	3,21,715.17
Amounts written off (net of recovery)	-	-	(3,649.94)	(3,649.94)
Gross carrying amount closing balance*	20,29,735.75	22,820.64	7,497.32	20,60,053.71

*No. of loan accounts with principal and/or interest overdue as at March 31, 2026 is 595 (Stage 1), 633 (Stage 2) and 870 (Stage 3).



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	12,34,742.65	12,002.17	5,323.47	12,52,068.29
Transfer during the year				
Transfers to Stage 1	1,554.73	(984.82)	(569.91)	-
Transfers to Stage 2	(4,491.44)	4,711.53	(220.09)	-
Transfers to Stage 3	(3,049.03)	(1,155.94)	4,204.97	-
New credit exposure during the period and net of repayments	4,97,413.35	(3,206.12)	(2,138.81)	4,92,068.42
Amounts written off (net of recovery)	-	-	(2,148.23)	(2,148.23)
Gross carrying amount closing balance*	17,26,170.26	11,366.82	4,451.40	17,41,988.48

*No. of loan accounts with principal and/or interest overdue as at March 31, 2025 is 650 (Stage 1), 633 (Stage 2) and 518 (Stage 3).

An analysis of changes in impairment loss of loans:

(₹ in Lakhs)

For the year ended March 31, 2026	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	10,319.44	2,947.23	3,769.78	17,036.45
Transfer during the period				
Transfers to Stage 1	412.32	(397.21)	(15.11)	-
Transfers to Stage 2	(457.05)	941.65	(484.60)	-
Transfers to Stage 3	(1,933.60)	(1,117.33)	3,050.93	-
New credit exposure during the period and net of repayments	5,239.40	3,261.51	3,603.20	12,104.11
Amounts written off (net of recovery)	-	-	(3,649.94)	(3,649.94)
ECL allowance - closing balance#	13,580.51	5,635.85	6,274.26	25,490.62

(₹ in Lakhs)

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	5,829.26	2,863.35	3,710.77	12,403.38
Transfer during the year				
Transfers to Stage 1	66.01	(63.07)	(2.94)	-
Transfers to Stage 2	(1,558.12)	1,587.75	(29.63)	-
Transfers to Stage 3	(2,647.62)	(1,028.09)	3,675.71	-
New credit exposure during the period and net of repayments	8,629.91	(412.71)	(1,435.90)	6,781.30
Amounts written off (net of recovery)	-	-	(2,148.23)	(2,148.23)
ECL allowance - closing balance#	10,319.44	2,947.23	3,769.78	17,036.45

The ECL includes an amount of ₹ 380.36 lakhs and ₹ 231.44 lakhs on partially disbursed loans of ₹ 92,188.65 lakhs and ₹ 1,00,829.59 lakhs as at March 31, 2026 and as at March 31, 2025 respectively.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

7.3 There are no loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment (March 31, 2025: Nil).

8. Investments

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At cost		
Equity investment in subsidiary- Avanse Global Finance IFSC Private Limited (196,835,393 equity shares of face value of ₹ 10/- each) - March 31, 2026 (26,737,948 equity shares of face value of ₹ 10/- each) - March 31, 2025	19,679.79	2,673.79
At amortised cost		
- Government securities (refer note 8.1 and 8.2)	66,796.17	-
- Treasury Bills (refer note 8.2)	9,911.41	24,373.52
- Certificate of Deposits (refer note 8.2)	9,841.00	-
	86,548.58	24,373.52
Total Gross (A)	1,06,228.37	27,047.31
Less: Allowance for impairment loss (B)	-	-
Total Net C (A-B)	1,06,228.37	27,047.31
i) Investments in India	1,06,228.37	27,047.31
ii) Investments outside India	-	-
Total (D)	1,06,228.37	27,047.31

Note 8.1:

The company has pledged Government Securities of ₹ 55,381.60 lakhs as collateral for Treasury Bills Repurchase - Borrowings.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Note 8.2:

(₹ in Lakhs)

Name of instrument	As at March 31, 2026		As at March 31, 2025	
	No of units	Amount	No of units	Amount
Government securities				
07.59 GS 2029 - 20-03-2029	25,00,000	2,611.64	-	-
07.10 GS 2029 - 18-04-2029	37,500	39.80	-	-
07.04 GS 2029 - 03-06-2029	20,00,000	2,102.46	-	-
06.79 GS 2029 - 26-12-2029	50,000	51.86	-	-
07.88 GS 2030 - 19-03-2030	1,00,000	105.55	-	-
07.17 GS 2030 - 17-04-2030	12,20,000	1,296.58	-	-
05.79 GS 2030 - 11-05-2030	94,900	94.89	-	-
07.32 GS 2030 - 13-11-2030	25,00,000	2,664.44	-	-
06.50 GS16DEC2030C - 16-12-2030	57,000	42.98	-	-
07.02 GS 2031 - 18-06-2031	15,01,000	1,566.13	-	-
06.10 GS 2031 - 12-07-2031	10,00,000	995.61	-	-
06.54 GS 2032 - 17-01-2032	15,20,000	1,539.27	-	-
08.28 GS 2032 - 15-02-2032	69,000	75.22	-	-
06.28 GS 2032 - 14-07-2032	40,55,000	4,046.20	-	-
07.26 GS 2032 - 22-08-2032	65,00,000	6,770.24	-	-
07.95 GS 2032 - 28-08-2032	50,000	54.00	-	-
08.33 GS 2032 - 21-09-2032	45,00,000	4,914.88	-	-
07.29 GOI SGRB 2033 - 27-01-2033	50,00,000	5,244.25	-	-
07.26 GS 2033 - 06-02-2033	99,00,000	10,330.50	-	-
07.18 GS 2033 - 14-08-2033	67,00,000	6,958.97	-	-
06.82 GOI FRB 2033 - 22-09-2033	5,00,000	517.47	-	-
08.24 GS 2033 - 10-11-2033	20,19,900	2,275.52	-	-
06.57 GS 2033 - 05-12-2033	4,00,000	405.12	-	-
07.10 GS 2034 - 08-04-2034	25,00,000	2,648.90	-	-
07.50 GS 2034 - 10-08-2034	10,10,000	1,073.85	-	-
06.19 GS 2034 - 16-09-2034	40,00,000	3,871.72	-	-
06.79 GS 2034 - 07-10-2034	10,20,000	1,056.33	-	-
06.79 GOI SGRB 2034 - 02-12-2034	53,800	55.11	-	-
06.33 GS 2035 - 05-05-2035	25,000	25.02	-	-
06.64 GS 2035 - 16-06-2035	30,00,000	3,042.50	-	-
06.48 GS 2035 - 06-10-2035	3,14,000	319.16	-	-
	6,41,97,100	66,796.17	-	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Name of instrument	As at March 31, 2026		As at March 31, 2025	
	No of units	Amount	No of units	Amount
Treasury Bill				
182 DTB 18-12-2025 - 5.35%	5,00,000	498.91	-	-
364 DTB 03-07-2025 - 5.38%	85,00,000	8,438.16	-	-
364 DTB 10-07-2025 - 5.48%	10,00,000	974.34	-	-
364 DTB 03-04-2025 - 6.40%	-	-	50,00,000	4,997.22
182 DTB 24-04-2025 - 6.57%	-	-	20,00,000	1,991.68
182 DTB 24-04-2025 - 6.59%	-	-	10,00,000	995.99
364 DTB 24-04-2025 - 6.57%	-	-	50,00,000	4,980.02
182 DTB 08-05-2025 - 6.38%	-	-	15,00,000	1,490.55
182 DTB 15-05-2025 - 6.62%	-	-	65,00,000	6,449.15
182 DTB 15-05-2025 - 6.38%	-	-	15,00,000	1,488.77
182 DTB 29-05-2025 - 6.43%	-	-	20,00,000	1,980.14
	1,00,00,000	9,911.41	2,45,00,000	24,373.52

Certificate of Deposits

CD 17-06-2026 - 7.25%	50,00,000	4,924.78	-	-
CD 24-06-2026 - 7.50%	50,00,000	4,916.22	-	-
	1,00,00,000	9,841.00	-	-
Total	8,41,97,100	86,548.58	2,45,00,000	24,373.52

9. Others financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Security deposits	1,685.82	1,509.49
Other advances (net of provision of ₹ 63.59 lakhs, March 31, 2025: Nil)	660.12	668.72
Interest only strip asset (net of provision of ₹ 86.16 lakhs)	21,452.92	-
Total	23,798.86	2,178.21



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

10A. Current tax assets (net)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance tax and tax deducted at source (Net of provision for tax ₹ 34,857.88 lakhs, March 31, 2025: ₹ 34,857.88 lakhs)	948.17	400.68
Total	948.17	400.68

Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for current tax (Net of advance tax of ₹ 18,733.65 lakhs)	880.12	-
Total	880.12	-

10B. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	As at April 1, 2025	Credit/(charge) to profit and loss	Credit/(charge) to OCI	As at March 31, 2026
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	326.69	233.08	-	559.77
- Provision for employee benefits	175.24	143.05	10.21	328.50
- ECL allowance on financial instruments	4,272.89	1,533.95	-	5,806.84
Deferred Tax Assets (A)	4,774.82	1,910.08	10.21	6,695.11
Tax effect of items constituting deferred liabilities:				
- Cash flow hedge reserve	(1,882.41)	-	2,336.94	454.53
- Measurement of financial instruments at amortised cost	4,998.91	2,948.83	-	7,947.74
Deferred Tax Liabilities (B)	3,116.50	2,948.83	2,336.94	8,402.27
Deferred tax assets/(liabilities) Net (A-B)	1,658.32	(1,038.75)	(2,326.73)	(1,707.16)



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	As at April 1, 2024	Credit/(charge) to profit and loss	Credit/(charge) to OCI	As at March 31, 2025
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	203.28	123.41	-	326.69
- Provision for employee benefits	76.13	76.82	22.29	175.24
- ECL allowance on financial instruments	2,983.10	1,289.79	-	4,272.89
- Cash flow hedge reserve	333.78	-	1,548.63	1,882.41
Deferred Tax Assets (A)	3,596.29	1,490.02	1,570.92	6,657.23
Tax effect of items constituting deferred liabilities:				
- Measurement of financial instruments at amortised cost	2,660.28	2,338.63	-	4,998.91
Deferred Tax Liabilities (B)	2,660.28	2,338.63	-	4,998.91
Deferred tax assets/(liabilities) Net (A-B)	936.01	(848.61)	1,570.92	1,658.32

Income tax recognised in Statement of profit and loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) Current tax:		
In respect of current year	19,613.77	16,218.63
In respect of prior year	-	-
	19,613.77	16,218.63
b) Deferred tax		
In respect of current year origination and reversal of temporary differences	1,038.75	848.61
In respect of prior year	-	-
	1,038.75	848.61
Total Income tax recognised in Statement of profit and loss	20,652.52	17,067.24



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Income tax recognised in other comprehensive income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Deferred tax related to items recognised in other comprehensive income during the year		
Remeasurement of defined employee benefits	10.21	22.29
Cash flow hedge reserve	(2,336.94)	1,548.63
Total Income tax recognised in other comprehensive income	(2,326.73)	1,570.92
Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:		

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit before tax	80,447.01	67,489.92
Applicable tax rate (%) (As per the Income Tax Act, 1961)	25.168%	25.168%
Expected income tax expense	20,246.90	16,985.86
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax on expenditure not considered for tax provision	405.62	81.38
Income tax expense recognised in profit and loss	20,652.52	17,067.24
Effective tax rate	25.67%	25.29%



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

11. Property, Plant and Equipment

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses			Net Block	
	As at April 1, 2025	Additions for the year	Deletions for the year	As at March 31, 2026	As at April 1, 2025	Charge for the year	Deletions for the year	As at March 31, 2026	As at March 31, 2026
Property, Plant and Equipment									
Owned assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	1,172.05	171.32	190.01	1,153.36	437.35	258.79	191.97	504.17	649.19
Computers	1,377.33	123.72	356.32	1,144.73	927.55	280.10	355.46	852.19	292.54
Office equipment	781.55	121.38	121.47	781.46	284.96	149.23	105.46	328.73	452.73
Furniture and fixtures	205.02	42.07	10.67	236.42	38.36	60.08	8.25	90.19	146.23
Vehicle	3,637.35	494.94	352.05	3,780.24	1,240.30	917.20	261.83	1,895.67	1,884.57
Total	7,185.75	953.43	1,030.52	7,108.66	2,928.52	1,665.40	922.97	3,670.95	3,437.71
Leased Assets									
Right of use assets - Premises	6,704.81	691.59	66.31	7,330.09	2,813.88	1,255.18	-	4,069.06	3,261.03
Intangible Assets									
Computer software	6,518.38	847.78	-	7,366.16	4,363.91	1,199.66	-	5,563.57	1,802.59
Capital work in progress	-	-	-	-	-	-	-	-	-
Intangible assets under development	126.48	1,333.97	847.78	612.67	-	-	-	-	612.67



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses				Net Block	
	As at April 1, 2024	Additions for the year	Deletions for the year	As at March 31, 2025	As at April 1, 2024	Charge for the year	Deletions for the year	As at March 31, 2025	As at March 31, 2025	
Property, Plant and Equipment										
Owned assets:										
Freehold land #	12.45	-	-	12.45	-	-	-	-	-	12.45
Leasehold improvements	522.29	791.80	142.04	1,172.05	441.17	164.51	168.33	437.35	437.35	734.70
Computers	1,282.44	310.49	215.60	1,377.33	856.56	286.68	215.69	927.55	927.55	449.78
Office equipment	615.28	480.63	314.36	781.55	431.56	140.90	287.50	284.96	284.96	496.59
Furniture and fixtures	111.95	191.31	98.24	205.02	86.79	33.18	81.61	38.36	38.36	166.66
Vehicle	2,155.42	1,548.95	67.02	3,637.35	553.66	718.76	32.12	1,240.30	1,240.30	2,397.05
Total	4,699.83	3,323.18	837.26	7,185.75	2,369.74	1,344.03	785.25	2,928.52	2,928.52	4,257.23
Leased Assets										
Right of use assets - Premises	6,118.41	586.40	-	6,704.81	1,716.82	1,097.06	-	2,813.88	2,813.88	3,890.93
Intangible Assets										
Computer software	4,512.06	2,058.03	51.71	6,518.38	3,373.36	1,032.19	41.64	4,363.91	4,363.91	2,154.47
Capital work in progress	886.70	-	886.70	-	-	-	-	-	-	-
Intangible assets under development	1,128.94	1,044.52	2,046.98	126.48	-	-	-	-	-	126.48

#The Company has mortgaged one of its freehold land in Chennai on exclusive charge against specific secured non convertible debentures at March 31, 2025.

Capital work in progress ageing schedule

(₹ in Lakhs)

Capital work in progress	As at March 31, 2026				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Capital work in progress	As at March 31, 2025				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Intangible assets under development ageing schedule

(₹ in Lakhs)

Intangible assets under development	As at March 31, 2026				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	612.67	-	-	-	612.67
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development	As at March 31, 2025				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	126.48	-	-	-	126.48
Projects temporarily suspended	-	-	-	-	-

Note:

- 1) The Company does not have any project temporary suspended and intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence intangible asset under development completion schedule is not applicable.
- 2) There is no immovable property where title deed of such immovable property is not held in name of the Company or jointly held with others.
- 3) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets and Intangible assets).

12. Other non-financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Prepaid expenses (Refer note 42)	1,274.03	3,461.20
Balances with Government authorities	716.76	355.66
Capital Advances	26.27	292.67
Other advances*	261.04	145.88
Total	2,278.10	4,255.41

*Includes advances given to vendors and employees.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

13. Trade & Other payables

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	37.44	1.15
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11,055.19	8,510.69
Other Payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro and small enterprises	22.88	28.85
Total	11,115.51	8,540.69

The amounts due to micro enterprises 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 enterprises and small enterprises as at March 31, 2026 are as under :

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting period	36.89	1.15
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-
(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 period	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting period	0.55	-
(vi) The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid	-	-
Total	37.44	1.15



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars As at March 31, 2026	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of micro enterprises and small enterprises	-	-	36.35	1.09	-	-	37.44
Outstanding dues of creditors other than micro and small enterprises	10,931.44	-	122.24	0.05	0.26	1.20	11,055.19
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	10,931.44	-	158.59	1.14	0.26	1.20	11,092.63

(₹ in Lakhs)

Particulars As at March 31, 2026	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of micro enterprises and small enterprises	-	-	1.15	-	-	-	1.15
Outstanding dues of creditors other than micro and small enterprises	8,500.06	-	7.13	2.33	1.17	-	8,510.69
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	8,500.06	-	8.28	2.33	1.17	-	8,511.84



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

14. Debt securities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Non-convertible debentures (refer note 14.1, 14.2, 14.3 and 14.4)	2,94,043.14	3,57,717.51
Unsecured		
Commercial Papers (refer note 14.5)	13,803.53	14,242.19
Total	3,07,846.67	3,71,959.70
Debt Securities in India	3,07,846.67	3,71,959.70
Debt Securities outside India	-	-
Total	3,07,846.67	3,71,959.70

14.1 All the secured non-convertible debentures (NCD) of the Company including those issued during the year ended March 31, 2026 are fully secured by hypothecation of book debts/loan receivables. The Company has, at all times, for the secured NCDs, maintained adequate asset cover as stated in the respective information memorandum towards the principal amount, interest accrued thereon, and such other sums as mentioned therein.

14.2 Details of Non-Convertible Debentures (NCD) (Secured)

(₹ in Lakhs)

Particulars	Maturity Date	Rate of Interest	As at March 31, 2026
INE087P07337	29-05-2026	9.52%	50,000.00
INE087P07311	29-06-2026	9.65%	7,500.00
INE087P07329	29-06-2026	9.52%	5,000.00
INE087P07345	08-07-2026	9.40%	15,500.00
INE087P07360	08-09-2026	9.40%	10,000.00
INE087P07428	16-04-2027	9.40%	7,500.00
INE087P07451	30-04-2027	9.60%	22,500.00
INE087P07485	10-09-2027	8.90%	7,500.00
INE087P07402	27-09-2027	9.40%	50,000.00
INE087P07410	07-10-2027	9.40%	35,000.00
INE087P07444	22-10-2027	9.40%	25,000.00
INE087P07469	29-10-2027	9.40%	30,000.00
INE087P07477	24-07-2028	9.00%	7,500.00
INE087P07352	28-07-2028	9.40%	2,500.00
INE087P07436	16-10-2028	9.56%	10,000.00
			2,85,500.00
Interest accrued but not due			9,079.05
Impact of effective interest rate			(535.91)
			2,94,043.14



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Maturity Date	Rate of Interest	As at March 31, 2025
INE087P07287	04-04-2025	9.25%	25,000.00
INE087P07386	07-05-2025	9.30%	20,000.00
INE087P07022	31-07-2025	10.10%	2,500.00
INE087P07048	07-08-2025	10.10%	1,500.00
INE087P07394	17-11-2025	8.91%	15,000.00
INE087P07378	28-11-2025	9.35%	7,500.00
INE087P07303	01-02-2026	9.00%	9.00
INE087P07337	29-05-2026	9.52%	50,000.00
INE087P07311	29-06-2026	9.65%	7,500.00
INE087P07329	29-06-2026	9.52%	5,000.00
INE087P07345	08-07-2026	9.40%	15,500.00
INE087P07360	08-09-2026	9.40%	10,000.00
INE087P07428	16-04-2027	9.40%	7,500.00
INE087P07451	30-04-2027	9.60%	22,500.00
INE087P07402	27-09-2027	9.40%	50,000.00
INE087P07410	07-10-2027	9.40%	35,000.00
INE087P07444	22-10-2027	9.40%	25,000.00
INE087P07469	29-10-2027	9.40%	30,000.00
INE087P07352	28-07-2028	9.40%	2,500.00
INE087P07436	16-10-2028	9.56%	10,000.00
			3,42,009.00
Interest accrued but not due			16,577.21
Impact of effective interest rate			(868.70)
			3,57,717.51

14.3 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2026

(₹ in Lakhs)

Original maturity of Non-Convertible Debentures (Secured)	Residual maturity of Non-Convertible Debentures (Secured)				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
Redeemable at par and at maturity					
Up to 2 years	-	-	-	-	-
Over 2 to 3 years	65,500.00	1,77,500.00	7,500.00	-	2,50,500.00
Over 3 to 4 years	22,500.00	-	10,000.00	-	32,500.00
Over 4 years	-	-	2,500.00	-	2,500.00
Total at face value	88,000.00	1,77,500.00	20,000.00	-	2,85,500.00
Interest accrued but not due					9,079.05
Impact of effective interest rate					(535.91)
Total amortised cost					2,94,043.14

- Interest rate ranges from 8.90% to 9.65% p.a. as at March 31, 2026.

14.4 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of Non-Convertible Debentures (Secured)	Residual maturity of Non-Convertible Debentures (Secured)				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
Redeemable at par and at maturity					
Up to 2 years	34,900.00	-	-	-	34,900.00
Over 2 to 3 years	32,609.00	65,500.00	1,70,000.00	-	2,68,109.00
Over 3 to 4 years	-	22,500.00	-	10,000.00	32,500.00
Over 4 years	4,000.00	-	-	2,500.00	6,500.00
Total at face value	71,509.00	88,000.00	1,70,000.00	12,500.00	3,42,009.00
Interest accrued but not due					16,577.21
Impact of effective interest rate					(868.70)
Total amortised cost					3,57,717.51

- Interest rate ranges from 8.91% to 10.10% p.a. as at March 31, 2025.

14.5 Terms of repayment of commercial papers

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Redeemable at par with original maturity up to 1 year		
- Due within 1 year (amount at face value)	14,000.00	15,000.00
Unamortised cost	(196.08)	(757.81)
Unamortised fee on CP	(0.39)	-
Total amortised cost	13,803.53	14,242.19

- Interest rate ranges from 8.20% to 8.65% p.a. as at March 31, 2026 and interest rate ranges from 9.15% to 9.25% p.a. as at March 31, 2025.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15. Borrowings (Other than debt securities)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost (within India)		
Secured		
Term loans from banks (includes foreign currency loans) (refer note 15.1, 15.2 and 15.3)	9,26,387.50	8,08,399.64
Term loans from financial institutions (refer note 15.1, 15.4 and 15.5)	80,729.59	21,858.60
Cash credit from banks (refer note 15.1 and 15.8)	-	1,519.78
Treasury Bills Repurchase - Borrowings* (refer note 15.6)	21,081.57	-
Working Capital Demand (refer note 15.1 and 15.7)	5,000.00	-
Securitisation liabilities (refer note 15.1, 15.9 and 15.10)	3,117.58	6,849.12
Total (A)	10,36,316.24	8,38,627.14
At amortised cost (outside India)		
Secured		
External commercial borrowing (ECB) (refer note 15.1, 15.11 and 15.12)	4,97,908.26	2,31,714.73
Total (B)	4,97,908.26	2,31,714.73
Total (C) = (A) + (B)	15,34,224.50	10,70,341.87

* Secured against pledge of Government securities

15.1 Term loans from banks and financial institutions, cash credit from banks and ECBs of the Company, including those borrowed during the year ended March 31, 2026 are fully secured by hypothecation of book debts/loan receivables and other current assets (including investments). Securitisation borrowings of the Company are secured against specific pool of receivables for each Special Purpose Vehicle and credit enhancement.

15.2 Details of term loans from banks (Secured) as at March 31, 2026

(₹ in Lakhs)

Original maturity of term loans from banks (Secured)	Residual maturity of term loans from banks (Secured)								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years			
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable in monthly instalments										
Up to 2 years	12	2,500.00	3	625.00	-	-	-	-	15	3,125.00
Over 2 to 3 years	2	606.06	-	-	-	-	-	-	2	606.06
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	204	30,795.95	172	24,820.95	115	14,558.24	72	8,010.00	563	78,185.14
Repayable in quarterly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	22	38,136.67	17	35,136.67	9	18,120.00	-	-	48	91,393.34
Over 3 to 4 years	62	29,819.57	42	20,019.44	17	10,165.28	2	1,043.94	123	61,048.23
Over 4 years	268	1,84,659.56	211	1,55,305.74	170	1,47,867.61	197	1,83,683.49	846	6,71,516.40



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Original maturity of term loans from banks (Secured)	Residual maturity of term loans from banks (Secured)								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years			
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable in half yearly instalments										
Up to 2 years	1	5,000.00	-	-	-	-	-	-	1	5,000.00
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable on maturity										
Up to 2 years	1	10,000.00	-	-	-	-	-	-	1	10,000.00
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		3,01,517.81		2,35,907.80		1,90,711.13		1,92,737.43		9,20,874.17
Interest accrued but not due										1,719.23
Impact of effective interest rate										(4,431.95)
Fair Value Impact										8,226.05
Total amortised cost										9,26,387.50

- Interest rate ranges from 7.50% to 10.15% p.a. as at March 31, 2026. The rate of interest for the floating rate term loans are linked to the Marginal Cost of Funds Based Lending Rate (MCLR), Secured Overnight Financing Rate (SOFR) of the banks or external benchmarks (REPO, T-Bill) and is subject to change from time to time.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.3 Details of term loans from banks (Secured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of term loans from banks (Secured)	Residual maturity of term loans from banks (Secured)								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years			
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable in monthly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	12	3,636.36	2	606.44	-	-	-	-	14	4,242.80
Over 3 to 4 years	3	281.25	-	-	-	-	-	-	3	281.25
Over 4 years	180	27,116.95	158	25,541.95	123	19,166.95	68	9,622.70	529	81,448.55
Repayable in quarterly instalments										
Up to 2 years	4	5,000.00	3	3,742.80	-	-	-	-	7	8,742.80
Over 2 to 3 years	23	34,970.00	18	33,136.67	9	27,205.81	2	11,120.00	52	1,06,432.48
Over 3 to 4 years	65	29,998.81	56	26,246.63	36	16,567.89	9	5,694.90	166	78,508.23
Over 4 years	235	1,35,675.08	217	1,33,545.02	164	1,07,291.17	159	1,40,958.77	775	5,17,470.04
Repayable in half yearly instalments										
Up to 2 years	2	10,000.00	1	4,999.95	-	-	-	-	3	14,999.95
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		2,46,678.45		2,27,819.46		1,70,231.82		1,67,396.37		8,12,126.10
Interest accrued but not due										695.39
Impact of effective interest rate										(4,421.85)
Total amortised cost										8,08,399.64

- Interest rate ranges from 8.76% to 10.80% p.a. as at March 31, 2025.
- The rate of interest for the floating rate term loans are linked to the Marginal Cost of Funds Based Lending Rate (MCLR), Secured Overnight Financing Rate (SOFR) of the banks or external benchmarks (REPO, T-Bill) and is subject to change from time to time.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.4 Details of term loans from financial institutions as at March 31, 2026

(₹ in Lakhs)

Original maturity of term loans from financial institutions	Residual maturity of term loans from financial institutions								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable in monthly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	45	5,357.14	30	3,571.43	9	1,071.43	-	-	84	10,000.00
Over 4 years	12	1,128.23	11	1,130.88	13	1,467.82	12	1,494.03	48	5,220.96
Repayable in quarterly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	7	12,100.00	7	10,300.00	9	15,300.00	16	26,300.00	39	64,000.00
Repayable in yearly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	2	1,500.00	-	-	-	-	-	-	2	1,500.00
Total face value		20,085.37		15,002.31		17,839.25		27,794.03		80,720.96
Interest accrued but not due										60.63
Impact of effective interest rate										(52.00)
Total amortised cost										80,729.59

- Interest rate ranges from 8.83% to 9.50% p.a. as at March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.5 Details of term loans from financial institutions as at March 31, 2025

(₹ in Lakhs)

Original maturity of term loans from financial institutions	Residual maturity of term loans from financial institutions								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total number of instalments	Amount
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount		
Repayable in monthly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	66	6,715.16	33	3,928.57	18	2,143.86	-	-	117	12,787.59
Over 4 years	9	779.05	12	1,128.23	12	1,238.18	24	2,854.54	57	6,000.00
Repayable in yearly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	1	800.00	3	2,200.02	-	-	-	-	4	3,000.02
Total face value		8,294.21		7,256.82		3,382.04		2,854.54		21,787.61
Interest accrued but not due										84.39
Impact of effective interest rate										(13.40)
Total amortised cost										21,858.60

- Interest rate ranges from 9.40% to 10.40% p.a. as at March 31, 2025.

15.6 Details of Treasury Bills Repurchase - Borrowings as at March 31, 2026

(₹ in Lakhs)

Original maturity of Treasury Bills Repurchase-Borrowings	Residual maturity of Treasury Bills Repurchase- Borrowings								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total number of instalments	Amount
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount		
Redeemable at par and at maturity										
Up to 2 years	1	21,074.71	-	-	-	-	-	-	1	21,074.71
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		21,074.71								21,074.71
Interest accrued but not due										6.86
Total amortised cost										21,081.57

- Interest rate ranges from 5.80% to 5.99% p.a. as at March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.7 Details of Working Capital Demand as at March 31, 2026

(₹ in Lakhs)

Original maturity of Working Capital Demand	Due within 1 year		Residual maturity of Working Capital Demand				Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Up to 2 years	1	5,000.00	-	-	-	-	1	5,000.00
Over 2 to 3 years	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-
Total face value		5,000.00						5,000.00

- Interest rate ranges from 8.30% to 8.30% p.a. as at March 31, 2026.

15.8 Details of cash credit from banks as at March 31, 2025

(₹ in Lakhs)

Original maturity of cash credit from banks	Due within 1 year		Residual maturity of cash credit from banks				Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable on yearly								
Up to 2 years	1	1,519.78	-	-	-	-	1	1,519.78
Over 2 to 3 years	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-
Total amortised cost		1,519.78						1,519.78

- Interest rate ranges from 9.50% to 9.60% p.a. as at March 31, 2025.

15.9 Details of securitisation liabilities as at March 31, 2026

(₹ in Lakhs)

Original maturity of securitisation liabilities	Due within 1 year		Residual maturity of securitisation liabilities				Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable monthly								
Up to 2 years	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-
Over 4 years	24	1,379.38	18	952.41	12	559.61	6	215.78
Total Face value		1,379.38		952.41		559.61		215.78
Interest accrued but not due								10.40
Impact of effective interest rate								-
Total amortised cost								3,117.58

- Interest rate ranges from 8.00% to 9.10% p.a. as at March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.10 Details of securitisation liabilities as at March 31, 2025

(₹ in Lakhs)

Original maturity of securitisation liabilities	Residual maturity of securitisation liabilities								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable monthly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	27	2,496.04	24	1,646.56	21	1,403.82	20	900.98	92	6,447.40
Repayable on maturity										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	2	353.59	-	-	-	-	-	-	2	353.59
Total face value		2,849.63		1,646.56		1,403.82		900.98		6,800.99
Interest accrued but not due										50.00
Impact of effective interest rate										(1.87)
Total amortised cost										6,849.12

- Interest rate ranges from 8.00% to 9.65% p.a. as at March 31, 2025.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.11 Details of external commercial borrowings as at March 31, 2026

(₹ in Lakhs)

Original maturity of external commercial borrowings	Residual maturity of external commercial borrowings								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years			
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable monthly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	7	29,309.00	2	8,374.00	-	-	9	37,683.00
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable quarterly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	1	4,187.00	4	25,509.00	13	68,700.92	-	-	18	98,396.92
Over 4 years	4	1,635.93	4	1,635.93	4	1,635.93	5	2,044.92	17	6,952.71
Repayable half yearly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	4	28,334.21	10	85,976.66	1	15,096.00	15	1,29,406.87
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable on maturity										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	2	50,788.00	1	10,916.40	-	-	3	61,704.40
Over 3 to 4 years	2	84,510.35	1	33,538.00	-	-	-	-	3	1,18,048.35
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		90,333.28		1,69,114.14		1,75,603.91		17,140.92		4,52,192.25
Interest accrued but not due										3,892.53
Impact of effective interest rate										(3,717.99)
Impact of mark to market										45,541.47
Total amortised cost										4,97,908.26

- Interest rate ranges from 8.20% to 10.04% p.a. as at March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.12 Details of external commercial borrowings as at March 31, 2025

(₹ in Lakhs)

Original maturity of external commercial borrowings	Residual maturity of external commercial borrowings								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years			
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable monthly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	7	29,309.00	2	8,374.00	9	37,683.00
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable quarterly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	1	4,187.00	2	8,374.00	-	-	3	12,561.00
Over 4 years	4	1,635.93	4	1,635.94	4	1,635.94	9	3,680.87	21	8,588.68
Repayable on maturity										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	2	50,788.00	-	-	2	50,788.00
Over 3 to 4 years	-	-	2	84,510.35	1	33,538.00	-	-	3	1,18,048.35
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		1,635.93		90,333.29		1,23,644.94		12,054.87		2,27,669.03
Interest accrued but not due										1,924.86
Impact of effective interest rate										(2,429.91)
Impact of mark to market										4,550.75
Total amortised cost										2,31,714.73

- Interest rate ranges from 8.93% to 10.04% p.a. as at March 31, 2025.

15.12 The borrowings have not been guaranteed by directors or others. Also, the Company has not defaulted in repayment of principal/interest.

15.13 The quarterly returns or statements comprising (book debt statements and other stipulated financial information) filed by the Company with Obanks and financial institutions are in agreement with the books of account of the Company.

16. Subordinated liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured		
Non-convertible debentures (refer note 16.1, 16.2 and 16.3)	5,064.22	5,056.51
Total	5,064.22	5,056.51
Subordinated liabilities in India	5,064.22	5,056.51
Subordinated liabilities outside India	-	-
Total	5,064.22	5,056.51

16.1 Details of Non-convertible debentures (Unsecured)

(₹ in Lakhs)

Particulars	Maturity Date	Rate of Interest	As at March 31, 2026	As at March 31, 2025
INE087P08020	30-06-2027	9.50%	2,500.00	2,500.00
INE087P08038	27-12-2027	9.35%	2,500.00	2,500.00
			5,000.00	5,000.00
Interest accrued but not due			77.47	78.75
Impact of effective interest rate			(13.25)	(22.24)
			5,064.22	5,056.51

16.2 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2026

(₹ in Lakhs)

Original maturity of Non-convertible debentures (Unsecured)	Residual maturity of Non-convertible debentures (Unsecured)				Total
	Due within 1 year Amount	Due in 1 to 2 years Amount	Due in 2 to 3 years Amount	Due in more than 3 years Amount	
Repayable on maturity					
Up to 2 years	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-
Over 4 years	-	5,000	-	-	5,000
Total face value	-	5,000	-	-	5,000
Interest accrued but not due					77.47
Impact of effective interest rate					(13.25)
Total amortised cost					5,064.22

- Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

16.3 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of Non-convertible debentures (Unsecured)	Residual maturity of Non-convertible debentures (Unsecured)				Total
	Due within 1 year Amount	Due in 1 to 2 years Amount	Due in 2 to 3 years Amount	Due in more than 3 years Amount	
Repayable on maturity					
Up to 2 years	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-
Over 4 years	-	-	5,000	-	5,000
Total face value	-	-	5,000	-	5,000
Interest accrued but not due					78.75
Impact of effective interest rate					(22.24)
Total amortised cost					5,056.51

- Interest rate ranges from 9.35% to 9.50% p.a. as at March 31, 2025.

17. Other financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Employee benefits payable	3,366.87	3,614.34
Advance received from customers	1,563.48	893.28
Margin Money (refer note 17.1)	23,339.31	6,687.43
Book overdraft	1,898.16	214.17
Lease liability (refer note 31)	3,665.51	4,162.76
Amounts payable under Direct assignment & Co-lending arrangement	10,533.04	4,912.90
Others (refer note 17.2)	3,416.66	3,506.68
Total	47,783.03	23,991.56

17.1 Includes Debt Service Recovery Account balance from customers of ₹ 9,260.29 lakhs (March 31, 2025: ₹ 6,687.43 lakhs) and margin money under Credit Support Annex agreements against derivative Mark-to-Market receivable position amounting to ₹ 14,079.01 lakhs (March 31, 2025: Nil).

17.2 Others primarily includes First Loss Default Guarantee/Cash Collateral received from Lending Service Partners, Unidentified receipts and unclaimed refunds.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

18. Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
- Gratuity (refer note 36)	905.46	487.50
- Compensated absences	399.77	208.76
Total	1,305.23	696.26

19. Other non-financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory dues	1,470.73	1,103.66
Others	87.52	79.76
Total	1,558.25	1,183.42

20 A. Equity share capital

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
AUTHORISED		
300,000,000 Equity Shares of ₹ 5 each	15,000.00	17,500.00
(As at March 31, 2025: 350,000,000 Equity Shares of ₹ 5 each)		
	15,000.00	17,500.00
ISSUED, SUBSCRIBED AND FULLY PAID UP	12,591.16	12,591.16
251,823,232 Equity Shares of ₹ 5 each		
(As at March 31, 2025 : 125,911,616 Equity Shares of ₹ 10 each)		
	12,591.16	12,591.16

The Board of Directors of the Company at its meeting held on December 19, 2025, approved to reclassify the authorised share capital of the Company from ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 35,00,00,000 (Thirty Five Crore) equity shares of ₹ 5/- (Rupees Five only) each and 2,50,00,000 (Two Crore Fifty Lakh) preference shares of ₹ 10/- (Rupees Ten only) each to ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 30,00,00,000 (Thirty Crore) equity shares of ₹ 5/- (Rupees Five only) each and 5,00,00,000 (Five Crore) preference shares of ₹ 10/- (Rupees Ten only) each.

The Board of Directors of the Company in its meeting held on April 4, 2024, and Shareholders in the Extraordinary General Meeting held on April 26, 2024, approved the sub-division of equity shares from ₹ 10 per share to ₹ 5 per share.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

20 A.1 (a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year

(₹ in Lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	25,18,23,232	12,591.16	12,59,11,616	12,591.16
Shares issued during the year	-	-	-	-
Additional shares issued during the year pursuant to sub-division of equity shares	-	-	12,59,11,616	-
Shares outstanding at the end of the year	25,18,23,232	12,591.16	25,18,23,232	12,591.16

20 A.1 (b) Shares reserved for issue under employee stock option plan (ESOP)

Particulars	As at March 31, 2026	As at March 31, 2025
Equity shares of ₹ 5 fully paid up		
Number of Shares reserved for ESOPs (Refer note 39)	1,19,81,870	1,14,31,626

20 A.1 (c) Rights, Preferences and Restrictions

The Company has only one class of equity shares having a par value of ₹ 5 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.

20 A.1 (d) List of shareholders holding more than 5% shares

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	%	Number	%
Olive Vine Investment Ltd*	14,93,94,074	59.32%	14,93,94,074	59.32%
Kedaara Capital Growth Fund III LLP	3,53,77,880	14.05%	3,53,77,880	14.05%
International Finance Corporation Ltd	2,90,81,784	11.55%	2,90,81,784	11.55%
Alpha Investment Company LLC	2,58,80,662	10.28%	2,58,80,662	10.28%

* Including shares held jointly with nominee Shareholders.

20 A.1. (e) Shareholding of promoters

As at March 31, 2026

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the period
Equity shares of ₹ 5 each fully paid	Olive Vine Investment Ltd* (Holding Company)	14,93,94,074	-	-	14,93,94,074	59.32%	Nil

* Including shares held jointly with nominee Shareholders.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

As at March 31, 2025

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of ₹ 10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	7,46,97,037	7,46,97,037	-	14,93,94,074	59.32%	Nil

* Including shares held jointly with nominee Shareholders.

20 A.1. (f) There are no shares that have been allotted during last 5 years pursuant to a contract without payment being received in cash, or by way of bonus shares. The Company has not bought back any class of shares during last 5 years.

20 B. Instruments entirely equity in nature

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
AUTHORISED		
50,000,000 Preference Shares of ₹ 10 each	5,000.00	2,500.00
(As at March 31, 2025 : 25,000,000 Preference Shares of ₹ 10 each)		
	5,000.00	2,500.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
31,743,514 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each	3,174.35	-
	3,174.35	-

The Board of Directors of the Company at its meeting held on December 19, 2025, approved to reclassify the authorised share capital of the Company from ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 35,00,00,000 (Thirty Five Crore) equity shares of ₹ 5/- (Rupees Five only) each and 2,50,00,000 (Two Crore Fifty Lakh) preference shares of ₹ 10/- (Rupees Ten only) each to ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 30,00,00,000 (Thirty Crore) equity shares of ₹ 5/- (Rupees Five only) each and 5,00,00,000 (Five Crore) preference shares of ₹ 10/- (Rupees Ten only) each.

20 B.1 (a) Reconciliation of the CCPS at the beginning and at the end of the reporting year

(₹ in Lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Shares issued during the year	3,17,43,514	3,174.35	-	-
Shares outstanding at the end of the year	3,17,43,514	3,174.35	-	-

During the year ended March 31, 2026, the Company has issued, after obtaining approval from the Board of Directors and its shareholders, on right issue basis, 31,743,514 compulsory convertible preference shares to participating shareholders in proportion of their existing shareholding and classified the same as Equity.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

20 B.1 (b) Terms, Rights, Preferences, Restrictions and conversion terms

The CCPS are cumulative, mandatorily, and fully convertible preference shares issued at a face value of ₹ 10 with a premium of ₹ 368.03, ranking senior to equity shares regarding liquidation and dividend preference. These shares carry a cumulative dividend of 0.0001% per annum on the face value.

The CCPS will convert into equity Shares upon a Mandatory Conversion Event, a New Investor Round, or an Initial Public Offer. In a mandatory conversion, the Floor Price applies, however, if a New Investor Round or IPO occurs earlier, the conversion price is calculated by discounting the transaction price by defined % per annum (compounded) for the holding period. This adjusted price is subject to a pre-determined Floor Valuation.

20 B.1 (c) List of shareholders holding more than 5% shares

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	%	Number	%
Olive Vine Investment Ltd	2,15,69,031	67.95%	-	-
Kedaara Capital Growth Fund III LLP	51,07,744	16.09%	-	-
Alpha Investment Company LLC	37,36,566	11.77%	-	-

20.1. (d) Shareholding of promoters

As at March 31, 2026						
S. No.	Promoter Name	No of Shares at the beginning of the year	Share issued during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	-	2,15,69,031	2,15,69,031	67.95%	100.00%

As at March 31, 2025						
S. No.	Promoter Name	No of Shares at the beginning of the year	Share issued during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	-	-	-	-	N.A.

21. Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities premium	2,88,159.40	2,88,159.40
Securities premium - CCPS	1,16,773.01	-
General reserve	47.45	47.45
Statutory reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	35,417.98	23,459.08
Stock options reserve	4,199.82	2,835.86
Cash flow hedge reserve	1,351.45	(5,596.99)
Retained earnings	1,40,643.66	92,838.43
TOTAL	5,86,592.77	4,01,743.23

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

Description of the nature and purpose of Other Equity
Securities premium

Securities premium account is used to record the premium on issue of shares and utilisation towards share issue expenses. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

The general reserve is a free reserve, retained from Company's profits and can be utilised upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

Statutory reserve as per Section 45—IC of the RBI Act, 1934

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared.

Stock option reserve

Stock options reserve represents the cumulative fair value of stock options recognised as employee cost over the period in accordance with Ind AS 102 'Share based payments'.

Cash flow hedge reserve

It represents the cumulative gain / (loss) arising on revaluation of the derivative instruments designated as cash flow hedges through other comprehensive income.

Retained earnings

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

22. Interest income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial assets measured at amortised cost		
- Interest income on loans	2,46,241.57	1,96,370.24
- Interest income on fixed deposits with banks	3,638.87	3,128.19
- Interest income from treasury bills	822.67	1,801.80
- Interest income from government securities	946.49	-
- Interest income from certificate of deposits	20.56	-
- Interest Income on Treasury Bills Repurchase - Lending	1,021.51	-
Total	2,52,691.67	2,01,300.23



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

23. Fees and commission income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Commission income (refer note 1 and 2)	16,022.03	18,581.88
Prepayment, other fees and charges	2,657.05	3,811.95
Total	18,679.08	22,393.83

1. Includes insurance commission of ₹ 3,960.27 lakhs for the year ended March 31, 2026 (March 31, 2025: ₹ 5,535.72 lakhs).
2. Unbilled revenue in respective financial year has been billed in the subsequent financial year.

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to the statement of profit and loss

Geographical markets		
- India	18,679.08	22,393.83
- Outside India	-	-
Total	18,679.08	22,393.83
Timing of revenue recognition		
Services transferred at a point in time	18,679.08	22,393.83
Services transferred over time	-	-
Total	18,679.08	22,393.83

Note: For receivable balances against the income, refer note no 6.

24. Net gain on fair value changes

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Realised gain on sale of mutual funds - at FVTPL	1,272.69	1,466.76
Total	1,272.69	1,466.76

25. Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	1,21,670.43	87,349.42
Interest on debt securities	29,749.92	33,181.53
Interest on subordinated liabilities	478.95	480.24
Finance cost on lease liability	354.29	371.08
Other finance charges	746.61	317.46
Total	1,53,000.20	1,21,699.73

Note: There are no financial liabilities measured at FVTPL.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

26. Impairment of financial instruments

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial assets measured at amortised cost		
Expected credit loss		
- Loans	8,511.28	4,633.07
- Other financial assets and other non-financial assets	29.05	(47.71)
Bad debts written off		
- Loans	3,089.41	1,836.15
- Other financial assets and other non-financial assets	-	47.71
Total	11,629.74	6,469.22

27. Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, bonus and other allowances	16,512.25	14,756.01
Contribution to provident fund and other funds (refer note 36)	761.93	627.78
Gratuity (refer note 36)	404.34	164.17
Employee share based payment expenses	1,363.96	931.64
Staff welfare expenses	487.32	439.96
Total	19,529.80	16,919.56



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

28. Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Business sourcing expenses	4,127.84	4,966.23
Information technology expense	4,876.28	4,088.08
Manpower outsourcing	2,039.55	2,515.52
Legal & professional expenses	2,765.37	2,197.93
Travelling and conveyance	1,623.08	1,408.57
Rating fees	511.68	719.05
Corporate social responsibility expenses (refer note 35)	903.00	507.38
Rent	201.10	265.63
Advertising	465.92	259.12
Insurance charges	474.84	249.84
Housekeeping expenses	250.39	247.70
Postage, telephone and fax	179.60	273.55
Rates and taxes	302.63	200.82
Printing and stationery	120.41	195.01
Electricity charges	135.43	148.69
Membership and subscription	87.90	120.41
Meeting and Conference	250.55	10.80
Director's sitting fees & commission	153.48	119.68
Office maintenance	120.92	106.08
Auditors' remuneration (refer note below)	183.60	96.27
Bank charges	45.88	73.64
Security charges	90.86	23.02
Miscellaneous expenses	254.35	235.00
Total	20,164.66	19,028.02

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) For audit and limited reviews	136.25	81.75
b) For certification	22.07	12.81
c) For reimbursement of expenses	4.66	1.71
d) For services in connection with proposed initial public offer (refer note below)	20.62	-
Total	183.60	96.27

For the year ended March 31, 2026, includes amount of ₹ 20.62 lakhs paid for services in connection with proposed initial public offer of equity shares of the Company, disclosed as part of prepaid expenses in note 12 at March 31, 2025. Please refer note 42 also.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

29. Earning Per Equity Share

(₹ in Lakhs except per share data)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A. Profit attributable to equity share holders (₹ in lakhs)	59,794.49	50,422.68
B. Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (note 29.1)	26,01,72,211	25,18,23,232
Effect of dilution:		
Employee stock options	63,21,147	90,25,659
C. Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share	26,64,93,358	26,08,48,891
Basic earnings per share (₹) (A/B)	22.98	20.02
Diluted earnings per share (₹) (A/C)	22.44	19.33
Nominal value per share (₹)*	5.00	5.00

29.1 Reconciliation of average number of equity shares used as the denominator in calculating basic earnings per share

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Weighted average number of equity shares	25,18,23,232	25,18,23,232
Add: Weighted average impact of Compulsorily Convertible Preference Shares issued during the year	83,48,979	-
Weighted average number of equity shares used as denominator for basic earnings per share	26,01,72,211	25,18,23,232

* The Board of Directors of the Company in its meeting held on April 4, 2024, and Shareholders in the Extraordinary General Meeting held on April 26, 2024, approved the sub-division of equity shares from ₹ 10 per share to ₹ 5 per share.

30. Contingent liabilities and capital commitments

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Contingent liabilities:		
Against income tax appeal filed	316.83	316.83
Other Litigations (refer note 1)	-	-
Capital commitments:		
Partially Undisbursed Loan	92,188.65	1,00,829.59
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	530.08	240.11

Notes:

- The Company is involved in certain litigations, including claims from revenue authorities, cases by/against customers, dispute with a third party towards invocation of guarantee and other matters arising in the normal course of business. These matters are pending at various forums and different stages of legal proceedings. The Company has assessed the possible obligations arising from such claims, in accordance with the requirements of Ind AS 37, 'Provision, Contingent Liabilities and Contingent Assets' considering judicial precedents, consultation with lawyers and past experience. Accordingly, the Company is of the view that based on information currently available, no provision or disclosure as contingent liability is considered necessary in respect of these matters except as disclosed above.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

31. Leases

The Company has taken office premises on lease. Leases of rented offices are having a lease term of 3 to 5 years. In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of leases are made.

The Company has recognised lease liabilities and right to use assets as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
I. Lease liabilities		
Opening balance	4,162.76	4,461.50
Add: Lease liabilities recognised during the period/ year	691.59	586.40
Less: Lease liabilities written off during the period/ year	(66.31)	-
Add: Interest accrued on lease liabilities	354.29	371.08
Less: Lease payments*	(1,476.82)	(1,256.22)
Closing balance of lease liabilities	3,665.51	4,162.76
II. Right of use assets (RoU assets)		
Opening balance	3,890.93	4,401.59
Add: RoU assets recognised during the period/ year	691.59	586.40
Less: RoU assets written off during the period/ year	(66.31)	-
Less: Depreciation on RoU assets	(1,255.18)	(1,097.06)
Closing balance of RoU assets	3,261.03	3,890.93

* Refer Statement of Cashflow

- The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.

Table showing contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Less than one year	1,387.24	1,341.35
One to five years	2,786.64	3,572.29
More than five years	-	-
Total	4,173.88	4,913.64

AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Amount recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on lease liabilities charged to finance cost	354.29	371.08
Depreciation charge for the period on RoU assets	1,255.18	542.11
Expense relating to short-term leases (included in Rent expenses under note 28 "Other expenses")	201.10	265.63
Expense relating to leases of low-value assets (included in Rent expenses under note 28 "Other expenses")	-	-
Total	1,810.57	1,178.82

Cash out flow on account of lease payments is ₹ 1,476.82 lakhs (corresponding previous year ₹ 1,256.22 lakhs)

- The Company does not face significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.
- Leases not yet commenced to which the Company is committed during the year ended March 31, 2026 and year ended March 31, 2025 - Nil.
- For the year ended March 31, 2026 and year ended March 31, 2025:
 - The Company did not have any variable lease payments;
 - There were no significant restrictions or covenants imposed by lessor;
 - The Company did not have any sale and leaseback transaction.

32. Segment Reporting

The Company has only one reportable business segment, i.e. lending to borrowers within India. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment. No revenue from transactions with a single external customer aggregate to 10% or more of the Company's total revenue during the year ended March 31, 2026 and year ended March 31, 2025.

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

33. Change in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	As at April 01, 2025	Cash Flows (Net)	Others (net)*	As at March 31, 2026
Debt securities	3,71,959.70	(56,947.66)	(7,165.37)	3,07,846.67
Borrowing other than debt securities	10,70,341.87	4,13,089.20	50,793.43	15,34,224.50
Subordinated liabilities	5,056.51	-	7.71	5,064.22
Lease Liability	4,162.76	(1,476.82)	979.57	3,665.51

Particulars	As at April 01, 2024	Cash Flows (Net)	Others (net)*	As at March 31, 2025
Debt securities	3,05,343.64	69,151.20	(2,535.14)	3,71,959.70
Borrowing other than debt securities	7,03,133.72	3,61,995.41	5,212.74	10,70,341.87
Subordinated liabilities	5,047.52	-	8.99	5,056.51
Lease Liability	4,461.50	(1,256.22)	957.48	4,162.76

*Includes the effect of change in interest accrued but not due on borrowing, amortisation of borrowing cost and mark to market gain/(loss) on revaluation of external commercial borrowings/foreign currency borrowings.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

34. Transfer of financial assets

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in Lakhs)

Loans and advances measured at amortised cost	As at March 31, 2026	As at March 31, 2025
Carrying amount of transferred assets measured at amortised cost	4,742.05	18,716.68
Carrying amount of associated liabilities measured at amortised cost	(3,117.58)	(6,849.12)

35. 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 & approved by the Board for the year ended March 31, 2026 – ₹ 903.00 lakhs (for the year ended March 31, 2025- ₹ 507.38 lakhs).

b. Amount spent by the Company during the year

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Amount spent	Amount unpaid/ provision	Total	Amount spent	Amount unpaid/ provision	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above	903.00	-	903.00	507.38	-	507.38

c. In case of Section 135(5) unspent amount

March 31, 2026

(₹ in Lakhs)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	903.00	903.00	-

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	507.38	507.38	-

d. In case of Section 135(5) Excess amount spent

March 31, 2026

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	903.00	903.00	-

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	507.38	507.38	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

e. In case of Section 135(6) Details of ongoing projects

March 31, 2026

(₹ in Lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the period		Closing Balance
With Company	In separate CSR unspent account	From Company's bank account	From separate CSR unspent account	With Company	In separate CSR unspent account
-	-	903.00	903.00	-	-

March 31, 2025

(₹ in Lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the period		Closing Balance
With Company	In separate CSR unspent account	From Company's bank account	From separate CSR unspent account	With Company	In separate CSR unspent account
-	-	507.38	507.38	-	-

f Nature of CSR activities

CSR activities conducted during the period were focused on promoting education, skill building, training the teachers and building the education ecosystems for deserving underserved Indian students.

36. 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 ₹ 761.93 lakhs (for the year ended March 31, 2025: ₹ 627.78 lakhs) has been recognised in the Statement of Profit and Loss under the head "Employees benefit expenses".

The Company's contribution to National Pension Scheme aggregating ₹ 112.69 lakhs (for the year ended March 31, 2025: ₹ 79.02 lakhs) has been recognised in the Statement of Profit and Loss under the head "Employees benefit expenses".

Defined benefit obligation plan

The liability under the Code on Social Security, 2020 is 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.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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, 2026	As at March 31, 2025
Significant assumptions		
Discount rate	6.44%	6.40%
Expected rate of salary increase	8.00%	8.00%
Attrition rate	20.00%	19.00%
Other assumption		
Mortality rate	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

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

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of defined benefit obligation	1,093.05	662.85
Fair value of plan assets	187.59	175.35
Net liability	905.46	487.50

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	187.03	151.61
Net interest cost	28.30	12.56
Past service cost- (non vested benefits)	76.19	-
Past service cost- (vested benefits)	112.82	-
Total amount recognised in statement of profit and loss	404.34	164.17
Remeasurements on the net defined benefit liability :		
- Actuarial (gain) / loss	40.57	88.55
Total amount recognised in other comprehensive income	40.57	88.55
Total	444.91	252.72

The cost are included in the 'Employee benefit expense' line item in the statement of profit and loss (refer note i below).



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening defined benefit obligation	662.85	406.95
Current service cost	187.03	151.61
Past service cost- (non vested benefits)	76.19	-
Past service cost- (vested benefits)	112.82	-
Interest cost	39.51	23.91
Remeasurements (gains)/losses:		
- Actuarial gain from change in demographic assumptions	(8.92)	89.49
- Actuarial loss from change in financial assumptions	(1.97)	(31.54)
- Actuarial gain from change in experience adjustments	52.49	30.57
Benefits paid	(26.95)	(8.14)
Closing defined benefit obligation	1,093.05	662.85

e) Movement in the fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening fair value of plan assets	175.35	164.03
Interest income	11.22	11.36
Return on plan assets (excluding interest income)	1.02	(0.04)
Contributions by employer	-	-
Adjustment due to change in opening balance of plan assets	-	-
Actual Benefits paid	-	-
Closing fair value of plan assets	187.59	175.35

- f) 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 :

(₹ in Lakhs)

Particulars	March 31, 2026		March 31, 2025	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Defined benefit obligation on increase in 100 bps	1,045.90	1,128.67	632.16	687.31
Impact of increase in 100 bps on defined benefit obligation	(4.31%)	3.26%	(4.63%)	3.69%
Defined benefit obligation on decrease in 100 bps	1,144.42	1,059.05	696.43	639.47
Impact of decrease in 100 bps on defined benefit obligation	4.70%	(3.11%)	5.07%	(3.53%)



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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 years 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.

g) Projected benefits payable:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Expected benefits for year 1	157.50	90.70
Expected benefits for year 2	160.10	90.01
Expected benefits for year 3	168.13	90.25
Expected benefits for year 4	169.79	92.22
Expected benefits for year 5	137.13	94.04
Expected benefits for year 6 to 10	446.20	283.21

The weighted average duration to the payment of these cash flows is 3.70 years (As at March 31, 2025: 3.94 years)

The Company expects to contribute approximately ₹ 905.46 lakhs (FY 2024-25- Rs 487.50 lakhs) to the gratuity fund.

h) Investment pattern:

Particulars	As at March 31, 2026	As at March 31, 2025
Policy of insurance	100%	100%
Total	100%	100%

- i) Pursuant to the notification issued by the Ministry of Labour and Employment, the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as the "New Labour Codes") became effective from November 21, 2025. The Company has reassessed its employee benefit obligations in accordance with the revised definition of wages. Accordingly, an incremental liability on account of past service cost in accordance with Ind AS 19 - Employee Benefits amounting of ₹ 315.64 lakhs (Gratuity: ₹ 189.01 lakhs and Leave encashment: ₹ 126.63 lakhs) has been charged to the Profit and Loss Account.

37 Related Party Disclosure:

As per Ind AS 24 — "Related Party Disclosures", following disclosure are made:

Names of related parties and description of Relationship

(i) Holding Company

Olive Vine Investment Ltd
(An affiliate of Warburg Pincus LLC)

(ii) Wholly Owned Subsidiary

Avanse Global Finance IFSC Private Limited



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(iii) Directors

Mr. Neeraj Swaroop - Independent director
 Mrs. Vijayalakshmi Iyer - Independent director
 Mr. Narendra Ostawal - Non executive director
 Mrs. Savita Mahajan - Independent director
 Mr. Ravi Venkatraman - Independent director
 Mr. Amit Gainda - Managing Director and Chief Executive Officer
 Mr. Hemant Mundra - Non executive director (w.e.f. July 1, 2024)
 Mr. Sunish Sharma - Non executive director (w.e.f. July 1, 2024)
 Mr. Luca Molinari - Non executive director (w.e.f. July 1, 2024)
 Mr. Rakesh Bhatt - Independent director (w.e.f. March 8, 2025)

Key Management Personnel

Mr. Amit Gainda - Managing Director and Chief Executive Officer
 Mr. Shailendra Dhupiya - Chief Financial Officer (w.e.f. March 05, 2026)
 Mr. Vikrant Gandhi - Chief Financial Officer (upto March 04, 2026)
 Mr. Rajesh Gandhi - Company Secretary

(iv) Details of transactions with related parties

(₹ in Lakhs)

Name of the related party	For the year ended March 31, 2026	For the year ended March 31, 2025
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	17,006.00	-
Reimbursement of expenses	208.88	8.49
Common support cost- recharge	232.69	47.23
Key Management Personnel (KMP) Remuneration		
Short-term employee benefits	961.45	872.66
Director's Commission		
Mr. Neeraj Swaroop	26.16	21.80
Mrs. Vijayalakshmi Iyer	13.08	10.90
Mrs. Savita Mahajan	13.08	10.90
Mr. Ravi Venkatraman	13.08	10.90
Mr. Rakesh Bhatt	13.14	0.65
Sitting Fees		
Mr. Neeraj Swaroop	18.53	16.17
Mrs. Vijayalakshmi Iyer	15.26	15.91
Mrs. Savita Mahajan	14.72	15.70
Mr. Ravi Venkatraman	13.35	16.20
Mr. Rakesh Bhatt	13.08	0.55
Recovery of expenses incurred in connection with proposed Initial Public Offer (refer note 42)		
Olive Vine Investment Ltd - Holding Company	1,079.54	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Balances as at	March 31, 2026	March 31, 2025
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	19,679.79	2,673.79
Receivables	383.81	169.65
Director's Commission		
Mr. Neeraj Swaroop	26.16	21.80
Mrs. Vijayalakshmi Iyer	13.08	10.90
Mrs. Savita Mahajan	13.08	10.90
Mr. Ravi Venkatraman	13.08	10.90
Mr. Rakesh Bhatt	13.08	0.65
Sitting Fees Payable		
Mr. Rakesh Bhatt	-	0.55

37.1 All outstanding balances (receivable and payable) with related parties are unsecured and are repayable on demand in cash. There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

37.2 The transactions disclosed above are inclusive of GST, for which input tax credit is not available to the Company.

37.3 Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

38 Maturity Analysis of Assets and Liabilities

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2026			March 31, 2025		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets							
(1)	Financial assets						
(a)	Cash and cash equivalents	2,21,413.88	-	2,21,413.88	1,17,419.50	-	1,17,419.50
(b)	Bank balances other than cash and cash equivalents	54,105.22	1,304.76	55,409.98	7,685.91	832.19	8,518.10
(c)	Derivative financial instruments	18,117.14	37,456.37	55,573.51	12.70	1,714.99	1,727.69
(d)	Trade receivables	4,515.01	-	4,515.01	2,174.36	-	2,174.36
(e)	Loans	4,78,454.43	15,56,108.66	20,34,563.09	2,88,647.50	14,36,304.53	17,24,952.03
(f)	Investments	19,752.41	86,475.96	1,06,228.37	24,373.52	2,673.79	27,047.31
(g)	Other financial assets	1,491.12	22,307.74	23,798.86	696.31	1,481.90	2,178.21
		7,97,849.21	17,03,653.49	25,01,502.70	4,41,009.80	14,43,007.40	18,84,017.20



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2026			March 31, 2025		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(2) Non-financial assets							
(a)	Current tax assets (net)	-	948.17	948.17	-	400.68	400.68
(b)	Deferred tax assets (net)	-	-	-	-	1,658.32	1,658.32
(c)	Property, plant and equipment	-	3,437.71	3,437.71	-	4,257.23	4,257.23
(d)	Capital work-in-progress	-	-	-	-	-	-
(e)	Right of use assets	-	3,261.03	3,261.03	-	3,890.93	3,890.93
(f)	Intangible assets under development	-	612.67	612.67	-	126.48	126.48
(g)	Other intangible assets	-	1,802.59	1,802.59	-	2,154.47	2,154.47
(h)	Other non-financial assets	750.46	1,527.64	2,278.10	977.26	3,278.15	4,255.41
		750.46	11,589.81	12,340.27	977.26	15,766.26	16,743.52
	Total	7,98,599.67	17,15,243.30	25,13,842.97	4,41,987.06	14,58,773.66	19,00,760.72

Liabilities

(1) Financial liabilities							
(a)	Derivative financial instruments	-	-	-	4,093.56	562.77	4,656.33
(b)	Trade payables	11,092.63	-	11,092.63	8,511.84	-	8,511.84
(c)	Other Payables	22.88	-	22.88	28.85	-	28.85
(d)	Debt securities	1,10,882.58	1,96,964.09	3,07,846.67	1,02,328.39	2,69,631.31	3,71,959.70
(e)	Borrowings (other than debt securities)	4,52,467.13	10,81,757.37	15,34,224.50	2,63,682.65	8,06,659.22	10,70,341.87
(f)	Subordinated liabilities	77.47	4,986.75	5,064.22	78.76	4,977.75	5,056.51
(g)	Other financial liabilities	16,911.06	30,871.97	47,783.03	10,029.35	13,962.20	23,991.55
	Total financial liabilities	5,91,453.75	13,14,580.18	19,06,033.93	3,88,753.40	10,95,793.25	14,84,546.65
(2) Non-financial liabilities							
(a)	Current Tax Liabilities (net)	880.12	-	880.12	-	-	-
(b)	Deferred tax liabilities (net)	-	1,707.16	1,707.16	-	-	-
(c)	Provisions	198.27	1,106.96	1,305.23	-	696.26	696.26
(d)	Other non-financial liabilities	1,470.73	87.52	1,558.25	1,103.66	79.76	1,183.42
	Total non-financial liabilities	2,549.12	2,901.64	5,450.76	1,103.66	776.02	1,879.68
	Total	5,94,002.87	13,17,481.82	19,11,484.69	3,89,857.06	10,96,569.27	14,86,426.33



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

- 39 The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 4,826,799 equity shares of the face value of ₹10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 62 of the Companies Act, 2013.

The shareholders of the Company vide their special resolution passed at its 18th extra ordinary general meeting held on February 5, 2020 approved the issue of equity shares of the Company under Avanse Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

The Company has also adopted the "Avanse Financial Services Limited Employee Stock Option Plan, 2024" pursuant to the resolution passed by the Board of Directors on May 14, 2024 and a special resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on June 20, 2024.

The Board of Directors of the Company in its meeting held on April 4, 2024 and Shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from ₹ 10 per share to ₹ 5 per share.

Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employment with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination, Remuneration and Compensation Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, seventeen grants have been made as of March 31, 2026, details of which, are given as under:

As on March 31, 2026

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,544	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	28,76,988	4,23,278	75,888	19,904	27,232	3,38,322
Option unvested	30,13,364	-	-	-	-	1,12,764
Option exercised	8,59,800	78,538	2,358	5,770	-	-
Option cancelled	9,65,192	5,06,204	69,358	5,79,426	55,094	65,356
Option outstanding	50,30,552	3,44,740	73,530	14,134	27,232	4,51,086
Weighted average remaining contractual life (years)			0.17	0.50	0.86	1.10

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	2,70,174	1,05,000	-	1,87,500	45,000	1,63,104
Option unvested	90,028	1,75,000	-	3,12,500	15,000	1,63,096
Option exercised	-	-	-	-	-	-
Option cancelled	1,84,888	-	1,00,000	-	-	90,064
Option outstanding	3,60,202	2,80,000	-	5,00,000	60,000	3,26,200
Weighted average remaining contractual life (years)	1.17	1.37	1.51	1.56	1.67	2.17



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024	April 28, 2025	February 3, 2026
Exercise price	226.00	347.50	347.50	347.50	423.00	427.00
Option granted	3,69,072	3,92,882	1,95,428	29,66,950	3,55,000	1,64,600
Option vested and exercisable	1,27,182	1,34,734	48,317	3,80,238	-	-
Option unvested	2,27,194	2,54,734	1,44,951	25,80,712	3,42,400	1,63,500
Option exercised	-	-	-	-	-	-
Option cancelled	14,696	3,414	2,160	6,000	12,600	1,100
Option outstanding	3,54,376	3,89,468	1,93,268	29,60,950	3,42,400	1,63,500
Weighted average remaining contractual life (years)	2.60	2.96	3.08	3.34	4.08	4.84

Grant Date	March 5, 2026
Exercise price	427.00
Option granted	1,10,232
Option vested and exercisable	-
Option unvested	1,10,232
Option exercised	-
Option cancelled	-
Option outstanding	1,10,232
Weighted average remaining contractual life (years)	4.93

As on March 31, 2025

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,544	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	19,85,154	3,89,082	73,530	14,134	27,232	3,51,420
Option unvested	30,13,364	-	-	-	-	1,17,128
Option exercised	8,91,834	46,504	2,358	5,770	-	-
Option cancelled	9,65,192	4,93,896	69,358	5,79,426	55,094	47,894
Option outstanding	49,98,518	3,89,082	73,530	14,134	27,232	4,68,548
Weighted average remaining contractual life (years)	0.16	0.85	1.17	1.50	1.86	2.10



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	2,74,632	1,05,000	-	1,87,500	45,000	1,68,692
Option unvested	91,510	1,75,000	-	3,12,500	15,000	1,68,684
Option exercised	-	-	-	-	-	-
Option cancelled	1,78,948	-	1,00,000	-	-	78,888
Option outstanding	3,66,142	2,80,000	-	5,00,000	60,000	3,37,376
Weighted average remaining contractual life (years)	2.17	2.37	2.51	2.56	2.67	3.17

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024
Exercise price	226.00	347.50	347.50	347.50
Option granted	3,69,072	3,92,882	1,95,428	29,66,950
Option vested and exercisable	1,30,896	1,36,440	48,857	3,81,738
Option unvested	2,30,908	2,56,442	1,46,571	25,85,212
Option exercised	-	-	-	-
Option cancelled	7,268	-	-	-
Option outstanding	3,61,804	3,92,882	1,95,428	29,66,950
Weighted average remaining contractual life (years)	3.60	3.96	4.08	4.34

Weighted average fair value of stock options granted during the year is as follows:

Particulars	31-Mar-26	31-Mar-25
Grant date	28-Apr-25 03-Feb-26 05-Mar-26	30-Apr-24 02-Aug-24
No. of option granted	6,29,832	31,62,378
Weighted average fair value ₹	133.34	80.80

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Risk Free Interest Rate (%)	6.1	5.48	5.55	5.47	5.47	7.18
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	17.57	24.53	25	24.93	24.93	23.99
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	76	97	97	115	115	115

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Risk Free Interest Rate (%)	7.18	7.18	7.24	7.24	7.13	7.24
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	23.99	23.99	24.15	24.15	24.42	25.01
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	115	115	115	115	182	226

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024	April 28, 2025	February 3, 2026
Risk Free Interest Rate (%)	7.24	6.91	6.91	6.91	5.97	5.93
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	25.01	13.38	13.38	13.38	15.17	35.94
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	226	348	348	348	423	427

Grant Date	March 5, 2026
Risk Free Interest Rate (%)	5.78
Expected life	4 years
Expected volatility	36.13
Dividend yield	-
Fair market value at the time of option grant (₹)	427

The charge on account of above scheme of ₹ 1363.96 lakhs for the year ended March 31, 2026 is included in employee benefit expense (For the year ended March 31, 2025: ₹ 931.64 lakhs).

The Nomination, Remuneration and Compensation Committee of the Company at its meeting held on April 30, 2025, approved a modification to extend the exercise period by two years, i.e., up to July 31, 2027. This has resulted in an additional expense of ₹ 214.94 lakhs for the year ended March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

40 Financial Instruments

40.1 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.

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 to Risk-weighted Adequacy Ratio (CRAR) requirements which are prescribed by the RBI. As per the RBI (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Directions, 2025, the Company is required to maintain a minimum CRAR of 15%. The Company generally maintain capital adequacy higher than the statutorily prescribed. The CRAR, which was computed on the basis of the applicable RBI requirements, is as below.

Capital to Risk-weighted Adequacy Ratio (CRAR)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital Funds		
Net owned funds (Tier I Capital)	5,75,544.68	3,92,142.46
Tier II Capital	14,346.72	11,805.65
Total capital funds	5,89,891.40	4,03,948.11
Total risk weighted assets / exposures	22,07,174.16	18,00,491.77
% of capital funds to risk weighted assets / exposures		
Tier I capital	26.08%	21.78%
Tier II capital	0.65%	0.65%
Total capital funds	26.73%	22.44%

40.2 Fair Value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Accounting classifications and fair values

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2026

(₹ in Lakhs)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument- Asset	March 31, 2026	-	55,573.51	-	55,573.51
Derivative financial instrument- Liability	March 31, 2026	-	-	-	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2025

(₹ in Lakhs)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument- Asset	March 31, 2025	-	1,727.69	-	1,727.69
Derivative financial instrument- Liability	March 31, 2025	-	4,656.33	-	4,656.33

Notes:

- Derivative financial instruments are measured at Fair Value through Other Comprehensive Income (FVOCI), as they are designated in effective hedge accounting relationships
- Derivatives are fair valued using observable foreign exchange rates and interest rates.

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2026 and year ended March 31, 2025.

40.3 Fair value measurement

Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are measured at amortised cost in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables and trade and other payables as on March 31, 2026 and March 31, 2025 approximate the fair value because of their short-term nature. Since a significant portion of the loans are floating rate, their carrying amounts approximates their fair values. Difference between carrying amount and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the year presented.

(₹ in Lakhs)

As at March 31, 2026	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	20,34,563.09	-	-	20,34,563.09	20,34,563.09
Investments	1,06,228.37	75,509.40	-	29,520.79	1,05,030.19
Financials Liabilities					
Debt securities	3,07,846.67	-	-	3,07,799.00	3,07,799.00
Borrowings (other than debt securities)	15,34,224.50	-	-	15,06,049.58	15,06,049.58
Subordinated Liabilities	5,064.22	-	-	5,061.48	5,061.48



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

As at March 31, 2025	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	17,24,952.03	-	-	17,24,952.03	17,24,952.03
Investments	27,047.31	24,373.52	-	2,673.79	27,047.31
Financials Liabilities					
Debt securities	3,71,959.70	-	-	3,69,904.44	3,69,904.44
Borrowings (other than debt securities)	10,70,341.87	-	-	10,68,238.39	10,68,238.39
Subordinated Liabilities	5,056.51	-	-	5,008.43	5,008.43

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Financial assets

Loans - A significant portion of the loan portfolio is on a variable rate basis. The carrying value is considered a reasonable approximation of fair value.

Investments

- G-Sec / TREPS / T-Bills** - Valued based on published prices on recognized reporting platforms at the measurement date.
- Certificate of Deposits** - Due to the very short-term nature of these instruments (typically < 90 days), the carrying value represents a close approximation of the fair value at the reporting date.
- Investments in equity shares (Subsidiary)** - Investments in subsidiaries are accounted for at cost as per Ind AS 27, 'Separate Financial Statements'. The carrying value of these investments at March 31, 2026, is ₹ 19,679.79 lakhs (At March 31, 2025: ₹ 2,673.79 lakhs).

Financial liabilities

Borrowings

- Debt securities and Sub-ordinated liabilities** - Fair value is determined by discounting future cash flows using current market interest rates (yield curves).
- Borrowings other than debt-securities (carrying variable rate)** - These borrowings carry floating interest rates linked to market benchmarks (e.g., Repo, T-bills, MCLR, SOFR) that reset periodically. The carrying value is considered a reasonable approximation of fair value as the interest rates reflect current market conditions and the Company's current credit spread.
- Borrowings other than debt-securities (carrying fixed rate of interest)** - Fair value is estimated by discounting the future contractual cash flows (principal and interest) using current market interest rates available to the Company for borrowings with similar remaining maturities and credit risk profiles.

40.4 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Operational risk
- Liquidity risk
- Market risk (including interest rate risk)
- Foreign currency risk and
- Price 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 and senior management through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, monitoring and providing oversight on management of risk of the Company.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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 the Company's business. 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 standardised 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.

Credit exposures are sanctioned based on delegation of credit authority as defined under credit policy. The Company measures, monitors and manages credit risk at an individual / portfolio level for education institute loans and at portfolio level for education loans. 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	12 Month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL

The key elements in calculation of ECL are as follows:

Expected credit losses are a probability weighted estimate of credit losses. The calculation of ECL by the Company involves portfolio classification, calculation of probability of default (PD) and calculation of loss given default (LGD).

The Company's loan portfolio primarily comprises of loans to students and loans to education institutions. Further, the Company has stratified its student loan portfolio into smaller risk pools covering the major geographies for student loans such as the USA, UK, Canada and rest of the world.

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 TTC (through the cycle) PD has been determined based on historical behaviour of the book and following roll rate approach which is based on observed default rate. Macro-economic factors are applied on the TTC (through the cycle) PD to arrive at forward looking PD.

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. For both secured and unsecured portfolio where sufficient historic recovery data for default accounts is available, the loss given default is determined based on the recovery since the date of first default on loan accounts.

The Company's ECL models utilise historical data and forward-looking macroeconomic forecasts to estimate credit risk. However, it is possible that these models may not capture all emerging market characteristics at the reporting date. Consequently, post-model adjustments are applied. These post-model adjustments represent management's best estimate of credit losses not yet fully reflected in the quantitative model outputs, ensuring that the ECL allowance remains appropriate and captures the current risk profile of the portfolio.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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 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 ₹ 33,600 lakhs undrawn lines of credit as of March 31, 2026 as against ₹ 157,700 lakhs as of March 31, 2025 from its lenders.

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 the Company's remaining contractual maturities of financial liabilities and derivatives. The amounts are gross and undiscounted.

(₹ in Lakhs)

March 31, 2026	Contractual cash flows				
	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	-	-	-	-	-
Trade payables & Other Payables	11,115.51	11,115.51	-	-	-
Debt securities	3,39,143.65	1,24,529.39	2,14,614.26	-	-
Borrowings (other than debt securities)	17,32,926.95	5,36,631.72	9,23,882.53	2,45,262.23	27,150.47
Subordinated liabilities	5,783.94	475.00	5,308.94	-	-
Other financial liabilities	47,783.03	16,911.06	16,430.64	200.90	14,240.43
Total	21,36,753.08	6,89,662.68	11,60,236.37	2,45,463.13	41,390.90

(₹ in Lakhs)

March 31, 2026	Contractual cash flows				
	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	4,656.33	4,093.55	562.78	-	-
Trade payables & Other Payables	8,540.69	8,540.69	-	-	-
Debt securities	4,28,614.72	1,21,842.57	2,93,078.13	13,694.02	-
Borrowings (other than debt securities)	12,82,363.56	3,54,152.79	7,27,359.48	1,80,496.39	20,354.90
Subordinated liabilities	6,251.44	471.25	5,780.19	-	-
Other financial liabilities	23,991.55	10,029.35	2,613.70	11,348.50	-
Total	17,54,418.29	4,99,130.20	10,29,394.28	2,05,538.91	20,354.90

iv) Market risk (interest risk)

The Company is exposed to interest rate risk as it has assets and liabilities based on floating and fixed interest rates as well. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability 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.

(₹ in Lakhs)

Particulars	March 31, 2026	March 31, 2025
Financial assets		
Fixed-rate instruments		
Cash and cash equivalents - Fixed Deposit	1,56,885.77	42,537.74
Bank balances other than cash and cash equivalents - Fixed Deposit	55,409.98	8,518.10
Term loans	82,155.89	55,285.35
Investment in Government securities	66,796.17	24,373.52
Investment in treasury bill	9,911.41	-
Investment in Certificate of Deposits	9,841.00	-
Floating-rate instruments		
Term loans	19,52,407.20	16,69,666.68
Total	23,33,407.42	18,00,381.39



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	March 31, 2026	March 31, 2025
Financial liabilities		
Fixed-rate instruments		
Non convertible debentures	94,533.36	1,43,360.55
Subordinated liabilities	5,064.22	5,056.51
Commercial paper	13,803.53	14,242.19
Securitisation liabilities	1,316.85	4,266.99
Loan from Financial Institutions	19,171.27	-
Loan from Banks	-	-
External commercial borrowing	4,90,439.54	1,80,661.48
Floating-rate instruments		
Non convertible debentures	1,99,509.78	2,14,356.96
Securitisation liabilities	1,800.73	2,582.13
Loan from Financial Institutions	61,558.32	21,858.60
Loan from Banks	9,26,387.50	8,08,399.64
Cash credit	-	1,519.78
Working Capital Demand Loan	5,000.00	-
External commercial borrowing	7,468.72	51,053.25
Total	18,26,053.82	14,47,358.08

Fair value sensitivity analysis for Floating-rate instruments

The sensitivity analysis below has 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.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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

(₹ in Lakhs)

Particulars	March 31, 2026		March 31, 2025	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Financial assets				
Floating rate loans				
Term loans	19,524.07	(19,524.07)	16,696.67	(16,696.67)
Financial liabilities				
Floating rate borrowings				
Loan from Banks	(9,263.88)	9,263.88	(8,084.00)	8,084.00
Loan from Financial Institutions	(615.58)	615.58	(218.59)	218.59
Cash credit	-	-	(15.20)	15.20
Working Capital Demand Loan	(50.00)	50.00	-	-
Securitisation liabilities	(18.01)	18.01	(25.82)	25.82
External commercial borrowing	(74.69)	74.69	(510.53)	510.53
Non convertible debentures	(1,995.10)	1,995.10	(2,143.57)	2,143.57
	7,506.81	(7,506.81)	5,698.96	(5,698.96)

v) Foreign Currency Risk

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. The hedge ratio established remains at 1:1 for the hedge relationship as the underlying risks and notional amount of the hedging instrument are identical to that of the hedged items.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Disclosure of effects of hedge accounting on financial position

(₹ in Lakhs)

Type of hedge and risks	Nominal amount		Carrying amount of hedging instruments		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line in the balance sheet
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge - Cross currency interest rate swaps and interest rate swaps								
March 31, 2026								
INR USD - Cross currency swap	6,50,986.25		55,573.51	-	23 June 2026 25 August 2026 14 December 2026 14 November 2027 20 March 2028 08 May 2028 30 October 2028 29 November 2028 27 February 2029 28 June 2029 04 October 2029 20 June 2030	58,514.85	4,23,317.22	Derivative Financial Instruments
Interest rate swap	-	-	-	-	(12.70)	-		
March 31, 2025								
INR USD - Cross currency swap	2,27,669.03		1,715.00	4,656.33	14 December 2026 08 November 2027 15 November 2027 20 March 2028 28 March 2028 08 May 2028 28 June 2029"	(1,810.64)	1,33,238.92	Derivative Financial Instruments
Interest rate swap	-	-	12.70	-	12.70	-		



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Disclosure of effects of hedge accounting on financial performance

(₹ in Lakhs)

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge- Cross currency interest rate swaps and interest rate swaps				
March 31, 2026	9,285.38	-	-	-
March 31, 2025	(6,153.17)	-	-	-

vi) Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of surplus liquidity in Mutual Funds, mainly in highly liquid overnight funds for short durations or liquid funds and Treasury Bills. The Company has a Board approved policy of investing its surplus liquidity in top 20 mutual funds based on AUM, Government Securities (including T-Bills), Treasury Bills Repurchase and other instruments having low price risk, not being equity funds/ risk bearing instruments.

- 41 The below disclosures required pursuant to the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended from time to time



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.01 Comparison between provisions required under Income Recognition Assets, Classification, and Provisioning norms of RBI and impairment allowances made under Ind AS 109, 'Financial Instruments'

March 31, 2026

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	20,29,735.75	13,200.15	20,16,535.60	8,119.82	5,080.33
	Stage 2	22,820.64	5,635.85	17,184.79	365.61	5,270.24
Subtotal		20,52,556.39	18,836.00	20,33,720.39	8,485.43	10,350.57
Non-Performing Assets						
Substandard	Stage 3	5,942.78	4,767.96	1,174.82	594.28	4,173.68
Doubtful						
Upto 1 year	Stage 3	1,481.46	1,433.22	48.24	977.23	455.99
1 to 3 years	Stage 3	73.08	73.08	-	36.91	36.17
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,554.54	1,506.30	48.24	1,014.14	492.16
Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	92,188.65	380.36	91,808.29	-	380.36
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		92,188.65	380.36	91,808.29	-	380.36
Total	Stage 1	21,21,924.40	13,580.51	21,08,343.89	8,119.82	5,460.69
	Stage 2	22,820.64	5,635.85	17,184.79	365.61	5,270.24
	Stage 3	7,497.32	6,274.26	1,223.06	1,608.42	4,665.84
		21,52,242.36	25,490.62	21,26,751.74	10,093.85	15,396.77

Notes :

- The Company has made provision for expected credit loss as per the requirements of the Indian Accounting Standards which is higher than that required by the RBI guidelines.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

March 31, 2025

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	17,26,170.26	10,088.00	17,16,082.26	6,908.66	3,179.34
	Stage 2	11,366.82	2,947.23	8,419.59	608.86	2,338.37
Subtotal		17,37,537.08	13,035.23	17,24,501.85	7,517.52	5,517.71
Non-Performing Assets						
Substandard	Stage 3	2,335.74	1,704.07	631.67	233.57	1,470.50
Doubtful						
Upto 1 year	Stage 3	847.39	797.44	49.95	444.54	352.90
1 to 3 years	Stage 3	1,180.29	1,180.29	-	506.50	673.79
More than 3 years	Stage 3	84.34	84.34	-	57.89	26.45
Subtotal for doubtful		2,112.02	2,062.07	49.95	1,008.93	1,053.14
Loss Assets	Stage 3	3.64	3.64	-	3.64	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,00,829.59	231.44	1,00,598.15	-	231.44
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		1,00,829.59	231.44	1,00,598.15	-	231.44
Total	Stage 1	18,26,999.85	10,319.44	18,16,680.41	6,908.66	3,410.78
	Stage 2	11,366.82	2,947.23	8,419.59	608.86	2,338.37
	Stage 3	4,451.40	3,769.78	681.62	1,246.14	2,523.64
		18,42,818.07	17,036.45	18,25,781.62	8,763.66	8,272.79

Notes :

- The Company has made provision for expected credit loss as per the requirements of the Indian Accounting Standards which is higher than that required by the RBI guidelines.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.02 Liquidity Risk Management Framework for Non-Banking Financial Companies

Qualitative Disclosure on Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the liquidity position in a stress scenario. LCR will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. HQLA refers to the category of liquid assets that can be readily sold or immediately converted into cash at a little loss of value or used as collateral to obtain funds in a range of stress scenarios. LCR is calculated by dividing the stock of HQLA by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk management framework as required under RBI guidelines. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, HQLA's to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing the Company's stock of HQLA by its total net cash outflows over a 30 day stress period. Effective December 1, 2024, the RBI has mandated a minimum LCR of 100%.

In order to determine HQLA, the Company considers Cash and Bank Balances, unencumbered investments in Government Securities and Treasury bills (including Treasury Bills Repurchase - lending) without any haircut. In order to determine net cash outflows, the Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per guidelines, stressed cash flows are to be computed by assigning predefined stress percentages to the overall cash outflows (i.e. 115%) and cash inflows (with haircut of 25%). Net cash outflow over next 30 days is computed as stressed outflows less minimum of a) stressed inflows or, b) 75% of stressed outflow. Accordingly, LCR is computed by dividing the Company's stock of HQLA by its total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under secured borrowings such as term loans, external commercial borrowings, working capital demand loans, treasury bills repurchase - borrowings, non-convertible debentures and Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3 notch downgrades. Outflow under other contractual funding obligations primarily includes collection received and pending remittance to investors under assignment arrangements, along with sundry payables within 30 days. In order to determine Inflow from fully performing exposures, the Company considers the behavioural repayments from performing advances in next 30 days. Other Cash inflows include investments in liquid mutual funds, and other assets which are maturing within 30 days.



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Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2026 is given below:

(₹ in Lakhs)

	Quarter ended 31-Mar-26		Quarter ended 31-Dec-25		Quarter ended 30-Sep-25		Quarter ended 30-Jun-25	
	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average
High quality liquid assets								
1. Total high quality liquid assets	88,200.22	88,200.22	58,387.65	58,387.65	41,943.38	41,943.38	49,804.37	49,804.37
(i) Cash & Bank balances	10,435.94	10,435.94	14,214.86	14,214.86	9,352.49	9,352.49	12,582.20	12,582.20
(ii) Investment in T-Bills	77,764.28	77,764.28	44,172.79	44,172.79	32,590.89	32,590.89	37,222.17	37,222.17
(iii) Investment in Mutual Fund	-	-	-	-	-	-	-	-
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	4,350.00	5,002.50	-	-	-	-	2,472.53	2,843.41
4. Secured wholesale funding	36,380.32	41,837.37	57,988.92	66,687.26	41,085.89	47,248.77	40,585.44	46,673.26
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements**	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	24,047.64	27,654.79	10,775.67	12,392.02	12,898.89	14,833.72	16,747.17	19,259.25
7. Other contingent funding obligations	4,199.99	4,829.99	4,324.69	4,973.39	4,497.18	5,171.75	4,678.24	5,379.98
Total cash outflows	68,977.95	79,324.65	73,089.28	84,052.67	58,481.96	67,254.24	64,483.38	74,155.90
Cash inflows								
8. Secured Lending	-	-	-	-	-	-	-	-
9. Inflows from fully performing exposures	51,942.88	38,957.16	45,830.66	34,373.00	39,936.00	29,952.00	34,756.49	26,067.37
10. Other cash inflows	1,74,747.72	1,31,060.79	1,16,472.95	87,354.71	1,40,929.13	1,05,696.85	1,54,657.39	1,15,993.04
Total cash inflows	2,26,690.60	1,70,017.95	1,62,303.61	1,21,727.71	1,80,865.13	1,35,648.85	1,89,413.88	1,42,060.41
	Total adjusted value		Total adjusted value		Total adjusted value		Total adjusted value	
Total HQLA		88,200.22		58,387.65		41,943.38		49,804.37
Total Net Cash Outflows		19,831.16		21,013.17		16,813.56		18,538.98
Liquidity Coverage Ratio (%)		444.76%		277.86%		249.46%		268.65%

Note : The figures above are excluding interest.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2025 is given below:

(₹ in Lakhs)

	Quarter ended 31-Mar-25		Quarter ended 31-Dec-24		Quarter ended 30-Sep-24		Quarter ended 30-Jun-24	
	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average
High quality liquid assets								
1. Total high quality liquid assets	42,196.83	42,196.83	40,965.48	40,965.48	38,385.95	38,385.95	33,039.91	33,039.91
(i) Cash & Bank balances	9,622.10	9,622.10	7,838.13	7,838.13	15,352.61	15,352.61	8,893.51	8,893.51
(ii) Investment in T-Bills	32,574.73	32,574.73	33,127.35	33,127.35	23,033.34	23,033.34	24,146.40	24,146.40
(iii) Investment in Mutual Fund	-	-	-	-	-	-	-	-
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	47,609.43	54,750.84	36,027.74	41,431.90	36,665.01	42,164.76	33,564.02	38,598.62
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements**	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	12,800.72	14,720.83	10,787.63	12,405.77	13,300.10	15,295.12	20,155.52	23,178.85
7. Other contingent funding obligations	4,857.63	5,586.28	5,168.01	5,943.21	6,611.46	7,603.18	6,207.84	7,139.01
Total cash outflows	65,267.78	75,057.95	51,983.38	59,780.88	56,576.57	65,063.06	59,927.38	68,916.48
Cash inflows								
8. Secured Lending	-	-	-	-	-	-	-	-
9. Inflows from fully performing exposures	34,692.32	26,019.24	26,344.81	19,758.61	23,957.56	17,968.16	24,904.32	18,678.24
10. Other cash inflows	1,37,001.41	1,02,751.05	1,37,839.16	1,03,379.37	1,15,204.52	86,403.38	96,869.32	72,651.99
Total cash inflows	1,71,693.73	1,28,770.29	1,64,183.97	1,23,137.98	1,39,162.08	1,04,371.54	1,21,773.64	91,330.23
Total HQLA	Total adjusted value	42,196.83	Total adjusted value	40,965.48	Total adjusted value	38,385.95	Total adjusted value	33,039.91
Total Net Cash Outflows	18,764.49	18,764.49	14,945.22	14,945.22	16,265.77	16,265.77	17,229.12	17,229.12
Liquidity Coverage Ratio (%)	224.88%	224.88%	274.10%	274.10%	235.99%	235.99%	191.77%	191.77%

Note : The figures above are excluding interest.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.03 Capital Risk Adequacy Ratio (CRAR):

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital Funds		
Net owned funds (Tier I capital)	5,75,544.68	3,92,142.46
Tier II capital	14,346.72	11,805.65
Total capital funds	5,89,891.40	4,03,948.11
Total risk weighted assets / exposures	22,07,174.16	18,00,491.77
% of capital funds to risk weighted assets / exposures		
Tier I capital	26.08%	21.78%
Tier II capital	0.65%	0.66%
Total capital funds	26.73%	22.44%
Amount of subordinated debt raised as Tier- 2 capital during the year	-	-
Amount raised by issue of Perpetual Debt Instruments during the year	-	-
Outstanding Perpetual Debt Instruments	-	-

41.04 Exposures

(₹ in Lakhs)

I Exposure to Real Estate Sector	As at March 31, 2026	As at March 31, 2025
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 (including non-fund based (NFB) limits)	63,509.38	70,309.65
(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;	8,759.07	2,402.40
(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	72,268.45	72,712.05



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Note :

In line with Reserve Bank of India (Non-Banking Financial Companies - Credit Facilities) Directions, 2025, an exposure would be classified as 'CRE' only if the repayment of loan is dependent on the cash flows generated from real estate asset (e.g. rentals/sales proceeds). However, the primary source of repayments in case of Education Institution Loans are the cash flows generated from business operations of such institutions (e.g. Tuition Fees / School Fees etc.) and not from rentals / sale proceeds. Hence, such exposures are not categorised as 'CRE'. The above information has been relied upon by the auditors.

(₹ in Lakhs)

II	Exposure to Capital Market	As at March 31, 2026	As at March 31, 2025
(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)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds		
(i)	Category I	-	-
(ii)	Category II	-	-
(iii)	Category III	-	-
	Total Exposure to Capital Market	-	-



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Particulars	As at March 31, 2026	As at March 31, 2025
III Details of financing of parent company products	-	-
IV Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	-	-
V Unsecured Advances		
Amount of unsecured advances	15,92,068.61	13,17,134.81
VI Intra-group exposures		
i) Total amount of intra-group exposures*	20,063.60	2,843.86
ii) Total amount of top 20 intra-group exposures	20,063.60	2,843.86
iii) Percentage of intra-group exposures to total exposures of the NBFC on borrower/customer	0.97%	0.16%
* Exposure includes investment made in wholly owned subsidiary and Other receivables there of		
VII Unhedged foreign currency exposure		
Other financial assets	210.01	-

41.05 Divergence In Asset Classification And Provisioning

- A. The additional provisioning requirements assessed by RBI exceeds 5% of the reported profits before tax and impairment loss on financial instruments for the reference period: Not applicable
- B. Additional Gross NPAs identified by RBI exceeds 5 per cent of the reported Gross NPAs for the reference period. Not applicable

41.06 Derivatives

(₹ in Lakhs)

Forward rate agreement/ Interest rate swap	As at March 31, 2026	As at March 31, 2025
The notional principal of swap agreements	6,50,986.25	4,28,002.21
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	55,573.51	1,727.69
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps*	100.00%	100.00%
The fair value of the swap book	55,573.51	(2,928.64)
* % of concentration of credit risk arising from swaps with banks		

Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current year and previous year.

Disclosures on risk exposure in derivatives

Qualitative disclosure

The Company undertakes transactions in derivative products in the role of a user with counter parties. The Company deals in the derivatives for balance sheet management i.e. for hedging fixed rate, floating rate or foreign currency assets/liabilities. All derivatives are marked to market on reporting dates and the resulting gain/loss is recorded in the statement of profit and loss.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Dealing in derivatives is carried out by specified groups of the treasury department of the Company based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Mid office team conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, risk monitoring and reporting.

The Company has a credit and market risk department that assesses counterparty risk and market risk limits, within the risk architecture and processes of the Company. The Company has in place a policy which covers various aspects that apply to the functioning of the derivative business. Limits are monitored regularly by the mid-office.

Quantitative disclosure

(₹ in Lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Currency derivatives*	Interest rate derivatives	Currency derivatives	Interest rate derivatives
Derivatives (notional principal amount)				
For hedging	6,50,986.25	-	4,28,002.21	42,200.00
Marked to market positions				
Assets (+)	55,573.51	-	1,715.00	12.70
Liability (-)	-	-	4,656.33	-
Credit exposure	-	-	-	-
Unhedged exposures	-	-	-	-

* Currency derivatives represents cross currency interest rate swap contracts entered by the Company.

Participation in currency futures and options

The Company has not undertaken any transaction during the current period and previous year for currency futures and currency options.

Participation in credit default swaps

The Company has not undertaken any transactions during the current period and previous year for credit default swap to hedge the credit risk on corporate bonds held.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.07 Asset Liability Management (Maturity pattern of certain items of Assets and Liabilities):

March 31, 2026:

(₹ in Lakhs)

Particulars	0 to 7 days	8 to 14 days	15 days to 1 month	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 / Fis (refer note 1)	2,272.71	1,422.75	10,779.37	20,550.80	57,361.87	93,065.74	2,44,552.94	8,04,456.56	2,58,496.93	17,065.68	15,10,025.35
Market Borrowings	21,081.57	-	3,082.27	54,497.36	24,617.45	28,458.24	1,684.10	2,03,462.86	226.19	-	3,37,110.04
Deposits#	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	928.43	788.01	201.13	5,683.22	16,063.98	20,617.12	1,23,815.32	4,45,820.07	92,245.47	1,238.79	7,07,401.54
Assets											
Loans	9,016.70	14,081.51	17,805.42	37,873.88	38,073.16	1,16,881.56	2,44,722.19	10,58,795.72	4,75,465.46	21,847.49	20,34,563.09
Investments	-	-	498.91	8,438.15	9,841.00	974.34	-	2,611.64	6,398.57	77,465.76	1,06,228.37
Foreign currency assets (Other financial assets)	-	-	-	210.01	-	-	-	-	-	-	210.01

1. Includes foreign currency balances

March 31, 2025:

(₹ in Lakhs)

Particulars	0 to 7 days	8 to 14 days	15 days to 1 month	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 / Fis (refer note 1)	2,824.53	634.74	8,407.58	11,656.59	43,850.42	63,631.81	1,29,827.34	6,22,667.35	1,65,363.95	14,628.44	10,63,492.75
Market Borrowings	32,142.52	-	539.46	22,636.61	7,999.54	7,727.90	34,210.75	2,66,050.38	12,558.17	-	3,83,865.33
Deposits	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	677.59	-	-	-	12,680.85	14,782.98	29,565.97	3,20,630.23	56,214.72	2,465.22	4,37,017.56
Assets											
Loans	5,409.29	8,641.09	13,675.71	22,855.98	22,944.68	69,948.69	1,45,172.05	6,87,749.83	5,60,729.78	1,87,824.93	17,24,952.03
Investments	4,998.26	-	7,967.68	11,407.58	-	-	-	-	-	2,673.79	27,047.31
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

1. Includes foreign currency balances

Notes:

- a) The above statement includes only certain items of assets and liabilities and therefore does not reflect the complete asset liability maturity pattern of the Company.
b) Above maturity pattern is after considering the impact of Moratorium benefit extended by the Company to the customers, if any.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.08 Particulars

(₹ in Lakhs)

Liabilities side	Amount outstanding as at March 31, 2026	Amount overdue as at March 31, 2026	Amount outstanding as at March 31, 2025	Amount overdue as at March 31, 2025
(I) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures				
(i) Secured	2,94,043.14	-	3,57,717.51	-
(ii) Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans*	10,07,117.09	-	8,30,258.24	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Subordinated Liabilities	5,064.22	-	5056.51	-
(f) Commercial Paper (net of unamortised discount)	13,803.53	-	14,242.19	-
(g) Public Deposits	-	-	-	-
(h) Other Loans (Please Specify)				
External commercial borrowing	4,97,908.26	-	2,31,714.73	-
Cash Credits	-	-	1,519.78	-
Treasury Bills Repurchase - Borrowings	21,081.57			
Working Capital Demand Loan	5,000.00			
Securitisation borrowing	3,117.58	-	6,849.12	-

* Term loans from banks (includes foreign currency loans)

(₹ in Lakhs)

(II) Break up of 1 (g) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	Amount outstanding as at March 31, 2026	Amount outstanding as at March 31, 2025
(a) In the form of unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Assets side	Amount outstanding as at March 31, 2026	Amount outstanding as at March 31, 2025
(III) Break up of Loans and Advances including bills receivables (other than those included in (V) below):		
(a) Secured (refer note 7)	4,67,985.10	4,24,853.67
(b) Unsecured	15,92,068.61	13,17,134.81
(IV) 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	-	-
(V) 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)		
(a) Treasury Bills	9,911.41	24,373.5
2. Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Treasury Bills	-	-
(vi) Others (Please Specify)		
(a) Certificate of Deposits	9,841.00	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Assets side	Amount outstanding as at March 31, 2026	Amount outstanding as at March 31, 2025
(b) Long Term Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	66,796.2	-
(v) Others (Please Specify)	-	-
2. Unquoted:		
(i) Shares:		
(a) Equity	19,679.79	2,673.79
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

(VI) Borrower group – wise classification of assets financed as in (II) and (III) above:

(₹ in Lakhs)

Category	Amount net of provisions as at March 31, 2026			Amount net of provisions as at March 31, 2025		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(a) Related Parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related parties	-	-	-	-	-	-
(b) Other than related parties	4,62,783.13	15,71,779.96	20,34,563.09	4,18,098.51	13,06,853.52	17,24,952.03

AVANSE FINANCIAL SERVICES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026
(VII) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in Lakhs)

Category	As at March 31, 2026		As at March 31, 2025	
	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
(a) Related Parties				
(i) Subsidiaries	19,679.79	19,679.79	2,673.79	2,673.79
(ii) Companies in the same group	-	-	-	-
(iii) Other related parties	-	-	-	-
(b) Other than related parties	85,350.40	86,548.58	24,373.52	24,373.52
Total	1,05,030.19	1,06,228.37	27,047.31	27,047.31

(VIII) Other Information:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(a) Gross Non – Performing Assets		
(i) Related Parties	-	-
(ii) Other than related parties	7,497.32	4,451.40
(b) Net Non – Performing Assets		
(i) Related Parties	-	-
(ii) Other than related parties	1,223.06	681.62
(c) Assets acquired in satisfaction of debt	-	-

41.09 Disclosure pursuant to Resolution Framework for COVID-19 related stress

- (i) Disclosure pursuant to Reserve Bank of India Circular on Resolution Framework for COVID-19 related stress dated August 6, 2020 and Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses to be read with Reserve Bank of India (Non-Banking Financial Companies - Resolution of Stressed Assets) Directions, 2025, RBI/DOR/2025'26/357 DOR.STR.REC.276/21.04.048/2025-26, dated November 28, 2025.

For half year ended March 31, 2026

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous Half year end September 30, 2025(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2026	Of (A), aggregate debt that were written off during the half-year ended March 31, 2026	Of (A) amount paid by the borrowers during the half-year ended March 31, 2026	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half- year ended March 31, 2026
Personal Loans	1,837.37	74.56	-	319.86	1,442.95
Corporate Persons*	1,402.59	-	-	219.48	1,183.11
- of which MSMEs**	-	-	-	-	-
Others	-	-	-	-	-
Total	3,239.96	74.56	-	539.34	2,626.06

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

** MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose etc. of the borrower.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

For half year ended September 30, 2025

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous Half year end March 31, 2025(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended September 30, 2025	Of (A), aggregate debt that were written off during the half-year ended September 30, 2025	Of (A) amount paid by the borrowers during the half-year ended September 30, 2025	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half-year ended September 30, 2025
Personal Loans	2,441.61	118.23	-	486.01	1,837.37
Corporate Persons*	2,960.39	810.26	-	747.54	1,402.59
- of which MSMEs**	-	-	-	-	-
Others	-	-	-	-	-
Total	5,402.00	928.49	-	1,233.55	3,239.96

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

** MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose etc. of the borrower.

For half year ended March 31, 2025

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous Half year end September 30, 2025(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2025	Of (A), aggregate debt that were written off during the half-year ended March 31, 2025	Of (A) amount paid by the borrowers during the half-year ended March 31, 2025	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half-year ended March 31, 2025
Personal Loans	3,025.90	36.55	8.04	539.70	2,441.61
Corporate Persons*	3,265.95	12.03	-	293.53	2,960.39
- of which MSMEs**	-	-	-	-	-
Others	-	-	-	-	-
Total	6,291.85	48.58	8.04	833.23	5,402.00

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

** MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose etc. of the borrower.

For half year ended September 30, 2024

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous Half year end March 31, 2024(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended September 30, 2024	Of (A), aggregate debt that were written off during the half-year ended September 30, 2024	Of (A) amount paid by the borrowers during the half-year ended September 30, 2024	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half-year ended September 30, 2024
Personal Loans	3,364.76	106.28	17.34	215.24	3,025.90
Corporate Persons*	5,043.94	416.22	0.07	1,361.70	3,265.95
- of which MSMEs**	-	-	-	-	-
Others	-	-	-	-	-
Total	8,408.70	522.50	17.41	1,576.94	6,291.85

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

** MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose etc. of the borrower.

41.09 (ii) Disclosure pursuant to Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 read with Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025

The Company has not done any restructuring of loans during the year ended March 31, 2026 (March 31, 2025: Nil).

41.10 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, 2026 towards the Minimum Retention Requirements (MRR):

(a) Disclosure for Non STC Securitisation Transaction (STC - Simple, transparent, and comparable)

(₹ in Lakhs)

Sr.No.	Particulars	As at March 31, 2026	As at March 31, 2025
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	2	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	4,742.05	18,716.68
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	3,952.72	6,222.30
a.	Off balance sheet exposures		
	* First Loss	-	-
	* Others	-	-
b.	On Balance sheet exposures	3,952.72	6,399.75
	* First Loss	2,167.77	2,111.85
	* Others	1,784.95	4,287.90


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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Sr.No.	Particulars	As at March 31, 2026	As at March 31, 2025
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	-	-
i)	Exposure to own securitisations	-	-
	* First loss	-	-
	* Others	-	-
ii)	Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	9.05	16.31
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
a.	Amount paid	-	-
b.	Repayment received	-	-
c.	Outstanding amount	1,039.14	2,111.85
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	2.90%	1.38%
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.		
a.	Amount	-	-
b.	Number	-	-
10	Investor complaints		
a.	Directly/Indirectly received - Count	-	-
	Directly/Indirectly received - Amount	-	-
b.	Complaints outstanding - Count	-	-
	Complaints outstanding - Amount	-	-

(b) Disclosure for STC (Simple, transparent and comparable) Securitisation transactions: The Company does not have any such transaction and hence, this disclosure is not applicable (March 31, 2025: nil).



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.11 Details of transfer through assignment in respect of loans (not in default)

(₹ in Lakhs)

Sr.No.	Particulars	As at March 31, 2026	As at March 31, 2025
1	No. of accounts	4,821	3,308
2	Amount of loans transferred through assignment/ co-lending (₹ in Lakhs)	1,96,157.88	1,16,694.11
3	Retention of beneficial economic interest (MRR)	15.21%	14.18%
4	Weighted average residual maturity (in months)	96	96
5	Weighted average holding period (in months)	29	29
6	Aggregate consideration paid (₹ in Lakhs)	1,96,157.88	1,16,694.11
7	Coverage of tangible security cover*	93.56%	100.00%
8	Rating wise distribution of rated loans	Unrated	Unrated

*The tangible security cover is only on the secured pool assigned. Unsecured pool excluded while calculating tangible security cover. The Company has not replaced any loans transferred to transferees (March 31, 2025: Nil).

The Company has also not paid damages arising out of any representation or warranty (March 31, 2025: Nil).

41.12 The Company has not sold any loans to asset reconstruction company/permitted transferees/any other transferees during the year ended March 31, 2026 and March 31, 2025.

41.13 Details of loans (not in default) acquired through assignment

(₹ in Lakhs)

Sr.No.	Particulars	As at March 31, 2026	As at March 31, 2025
1	Number of accounts	5,661	5,721
2	Amount of loans acquired through assignment (₹ in Lakhs)	22,826.88	11,299.60
3	Retention of beneficial economic interest	90.36%	90.00%
4	Weighted average residual maturity (in months)	95	105
5	Weighted average holding period (in months)	16.69	0.74
6	Aggregate consideration paid (₹ in Lakhs)	22,826.88	11,299.60
7	Coverage of tangible security cover*	100.00%	100.00%
8	Rating wise distribution of rated loans	Unrated	Unrated

*The tangible security cover is only on the secured pool assigned. Unsecured pool excluded while calculating tangible security cover.

41.14 Details of non-performing financial assets sold by the Company

During the year ended March 31, 2026 and year ended March 31, 2025, no non-performing financial assets has been sold by the Company.

41.15 Details of non-performing financial assets purchased / acquired by the Company

During the year ended March 31, 2026 and year ended March 31, 2025, no non-performing financial assets has been purchased by the Company.

41.16 Security Receipts (SRs) rating for the transactions during the year

No transactions were done during the year ended March 31, 2026 and year ended March 31, 2025, hence this disclosure is not applicable.

41.17 Total fixed deposits stands at ₹ 1,049.71 lakhs (March 31, 2025: ₹ 2,251.70 lakhs) on account of securitisation transaction outstanding till March 31, 2026.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.18 Loans against gold and silver collateral

The Company has not extended loan against eligible gold and silver collateral during the financial year ended March 31, 2026 and financial year ended March 31, 2025.

41.19 Details of gold and silver collateral and auctions

The Company does not hold any gold and silver collaterals and there has not been any auctions thereof. (March 31, 2025: Nil)

41.20 Disclosure related to project finance

The Company has not extended loans for project financing. (March 31, 2025: Nil)

41.21 Non-Fund Based Credit Facilities

The Company has not extended any non-fund based credit facilities. (March 31, 2025: Nil)

41.22 Disclosures on Co-Lending Arrangements

The Company has not entered into transaction under Co-lending arrangements.

41.23 Investments

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(a) Value of Investments		
(i) Gross Value of Investments		
(a) in India	1,06,228.37	27,047.31
(b) outside India	-	-
(ii) Provision for depreciation		
(a) in India	-	-
(b) outside India	-	-
(iii) Net Value of Investments		
(a) in India	1,06,228.37	27,047.31
(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	-	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.24 Additional & Miscellaneous Disclosures:

(I) Registration obtained from other financial sector regulators

The Company is not registered with other financial sector regulators except with Insurance Regulatory and Development Authority of India (IRDAI).

(II) There are no Penalties and strictures imposed by RBI and statutory / regulatory authority for the year ended March 31, 2026 and March 31, 2025.

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

March 31, 2026

Rating particulars	Date of rating	Rating Agency	Rating assigned
Short Term Debt Programme			
Commercial Paper	25-Feb-26	India Ratings and Research	IND A1+
	26-May-25	CRISIL Ratings Limited	CRISIL A1+
	27-Nov-25	ICRA Limited	ICRA A1+
	8-Jul-25	CARE Ratings Limited	CARE A1+
Long Term Debt Programme			
Non-Convertible Debentures	25-Feb-26	India Ratings and Research	IND AA-/Stable
	26-May-25	CRISIL Ratings Limited	CRISIL AA- / Stable
	8-Jul-25	CARE Ratings Limited	CARE AA- / Stable
Market Linked Debentures	8-Jul-25	CARE Ratings Limited	CARE PP-MLD AA -/ Stable
Subordinated Debt	26-May-25	CRISIL Ratings Limited	CRISIL AA- / Stable
	8-Jul-25	CARE Ratings Limited	CARE PP-MLD AA -/ Stable
	12-Jan-26	Brickwork Ratings India Pvt. Ltd.	BWR AA- / Stable
Loan Facility	25-Feb-26	India Ratings and Research	IND AA-/Stable
	26-May-25	CRISIL Ratings Limited	CRISIL AA- / Stable
	8-Jul-25	CARE Ratings Limited	CARE AA- / Stable

During the financial year ended March 31, 2026,

- India Ratings & Research assigned new ratings of IND A1+ for the Commercial Paper borrowings programme and IND AA/Stable for the Bank loan facilities and non-convertible debentures in February 2026.
- CRISIL Ratings assigned fresh ratings for Subordinate Debt Borrowings of CRISIL AA-/Stable in May 25



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

March 31, 2025

Rating particulars	Date of rating	Rating Agency	Rating assigned
Short Term Debt Programme			
Commercial Paper	26-Aug-24	CRISIL Ratings Limited	CRISIL A1+
	29-Nov-24	ICRA Limited	ICRA A1+
	5-Dec-24	CARE Ratings Limited	CARE A1+
Long Term Debt Programme			
Non-Convertible Debentures	26-Aug-24	CRISIL Ratings Limited	CRISIL AA- / Stable
	5-Dec-24	CARE Ratings Limited	CARE AA- / Stable
	13-Jan-25	Brickwork Ratings India Pvt. Ltd.	BWR AA- / Stable
Market Linked Debentures	5-Dec-24	CARE Ratings Limited	CARE PP-MLD AA- / Stable
Loan Facility	26-Aug-24	CRISIL Ratings Limited	CRISIL AA- / Stable
	5-Dec-24	CARE Ratings Limited	CARE AA- / Stable

During the financial year ended March 31, 2025,

CRISIL Ratings assigned fresh ratings to the Long-Term bank facilities and NCDs at CRISIL AA- (Stable) and for the Commercial Paper borrowings programme at CRISIL A1+.

(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 (March 31, 2025: Nil).

(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 during the year ended March 31, 2026 and March 31, 2025.

(VI) Details of transaction with non executive directors

Non-Executive Directors have no pecuniary relationship with the Company (March 31, 2025: Nil), except receiving sitting fees for the meetings attended and commission.

(VII) Provisions and Contingencies

(₹ in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head expenses in the Statement of Profit and Loss	For the year ended March 31, 2026	For the year ended March 31, 2025
Provision towards stage 3 loans	2,504.48	59.01
Provision for standard assets / ECL stage 1 & stage 2	5,949.69	4,574.06
Provision for ECL on other financial assets and other non-financial assets	29.05	(47.71)
Write-offs		
Loans	3,089.41	1,836.15
Others	-	47.71
Provision made towards Income tax		
Current tax	19,613.77	16,218.63
Deferred tax	1,038.75	848.61
Other provisions and contingencies		
Provision for gratuity expense	404.34	164.17
Provision for compensated absences	223.08	172.59
Provision for ESOP	1,363.96	931.64
Total	34,216.53	24,804.86



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

	As at March 31, 2026	As at March 31, 2025
(VIII) Draw Down from Reserves	Nil	Nil
	As at March 31, 2026	As at March 31, 2025
(IX) Disclose of all instances of breach of covenant of loan availed or debt securities issued.	Nil	Nil
(X) Disclosure on frauds The frauds detected and reported for the year amounted ₹ 0.83 lakhs (Count: 2) (Previous year ₹ 119.02 lakhs, Count: 8)		
(XI) Concentration of Deposits, Advances, Exposures and NPAs		
(a) Concentration of Deposits (for deposit taking NBFCs) (₹ in Lakhs)		
	As at March 31, 2026	As at March 31, 2025
Total Deposits of twenty largest depositors (₹ in lakhs)	NA	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA	NA
(b) Concentration of Advances		
	As at March 31, 2026	As at March 31, 2025
Total advances to twenty largest borrowers (₹ in lakhs)	24,053.41	17,024.90
Percentage of advances to twenty largest borrowers to total advances of the NBFC	1.17%	0.98%
(c) Concentration of Exposures		
	As at March 31, 2026	As at March 31, 2025
Total exposure to twenty largest borrowers / customers (₹ in lakhs)	25,786.92	17,880.24
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	1.20%	0.97%
(d) Concentration of NPAs (₹ in Lakhs)		
	As at March 31, 2026	As at March 31, 2025
Total exposure to top four NPA accounts	877.19	1,434.95
		(₹ in Lakhs)
(XII) Movement of NPAs	As at March 31, 2026	As at March 31, 2025
(i) Net NPAs to Net Advances (%)	0.06%	0.04%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	4,451.40	5,323.47
(b) Additions during the year	8,716.71	4,204.97
(c) Reductions during the year	(5,670.79)	(5,077.04)
(d) Closing balance	7,497.32	4,451.40
(iii) Movement of Net NPAs		
(a) Opening balance	681.62	1,612.70
(b) Additions during the year	5,665.78	529.26
(c) Reductions during the year	(5,124.34)	(1,460.34)
(d) Closing balance	1,223.06	681.62



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

(XII) Movement of NPAs		As at March 31, 2026	As at March 31, 2025
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	3,769.78	3,710.77
(b)	Additions during the year	3,050.93	3,675.71
(c)	Reductions during the year	3,103.49	(1,468.47)
(d)	Write-off / write-back of excess provisions	(3,649.94)	(2,148.23)
(e)	Closing balance	6,274.26	3,769.78

(XIII) Disclosure of Customers Complaints

Sr No	Particulars	As at March 31, 2026	As at March 31, 2025
1	Number of complaints pending at beginning of the year	297	96
2	Number of complaints received during the year	5,076	5,750
3	Number of complaints disposed during the year	5,180	5,549
3.1	Of which, number of complaints rejected by the NBFC	649	191
4	Number of complaints pending at the end of the year	193	297

Maintainable complaints received by the NBFC from Office of Ombudsman

Sr No	Particulars	As at March 31, 2026	As at March 31, 2025
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman*	232	223
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	215	203
5.2	Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	3	5
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* Includes 15 complaints resolved in the month of April 2026 and 15 complaints resolved in the month of April 2025 by office of ombudsman in the favour of the Company.



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Top five grounds of complaints received by NBFCs

As at March 31, 2026

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit Cards	-	-	-	-	-
Difficulty in operation of accounts	-	-	-	-	-
Mis-selling	-	-	-	-	-
Recovery Agents/Direct Sales Agents	-	-	-	-	-
Loans and advances	-	-	-	-	-
Levy of charges without prior notice / excessive charges / foreclosure charges	-	-	-	-	-
Non-observance of fair practices code	-	-	-	-	-
Staff behaviour	-	-	-	-	-
Facilities for customers visiting the office / adherence to prescribed working hours, etc.	-	-	-	-	-
Others					
Part Payment / Foreclosure	56	910	-37.07%	48	-
Collections	22	714	137.21%	32	-
Fees and Charges / Refunds	23	601	35.06%	17	-
Loan Application Related	18	512	10.82%	16	-
Loan Account Related	22	510	70.00%	31	-
Disbursement related	33	457	-19.82%	13	-
Others	123	1372	-38.36%	36	-
Total	297	5076	-11.72%	193	-



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

As at March 31, 2025

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit Cards	-	-	-	-	-
Difficulty in operation of accounts	-	-	-	-	-
Mis-selling	-	-	-	-	-
Recovery Agents/Direct Sales Agents	-	-	-	-	-
Loans and advances	-	-	-	-	-
Levy of charges without prior notice / excessive charges / foreclosure charges	-	-	-	-	-
Non-observance of fair practices code	-	-	-	-	-
Staff behaviour	-	-	-	-	-
Facilities for customers visiting the office / adherence to prescribed working hours, etc.	-	-	-	-	-
Others	-	-	-	-	-
Part Payment / Foreclosure	27	1446	51%	56	-
Loan Application Related	4	462	28%	18	-
EMI Management	18	961	120%	41	-
Disbursement related	7	570	113%	33	-
CIBIL related	0	570	100%	38	-
Loan Account Related	8	0	-100%	0	-
Others	32	1741	144%	111	-
Total	96	5750	97%	297	0

(XIV)Area of Operation

The Company has a wholly owned subsidiary Avanse Global Finance IFSC Private Limited located in GIFT city, Gujarat, India. Further, the Company does not have any joint ventures.

(XV) Overseas assets (for those with joint ventures and subsidiaries abroad)

(₹ in Lakhs)

Name of the Joint venture/Subsidiary	Other partner in the Joint venture/Subsidiary	Country	As at March 31, 2026	As at March 31, 2025
Avanse Global Finance IFSC Private Limited	Not Applicable	GIFT city, Gujarat, India	30,852.54	2,762.42



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NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(XVI) Off-Balance Sheet SPVs Sponsored

The Company does not have any off-Balance Sheet SPVs sponsored. (March 31, 2025: Nil).

(₹ in Lakhs)

(XVII) Off balance sheet exposure	As at March 31, 2026	As at March 31, 2025
a. Undrawn commitments		
Loan tenure less than one year	-	-
Loan tenure more than one year	92,188.6	1,00,829.6
b. Leases entered but not executed	-	-
c. Others (refer note 30)	846.91	556.94

(XVIII) Consolidated Financial Statements (CFS)

The Company has consolidated, financial statement of its subsidiary for the year ended March 31, 2026 and March 31, 2025.

(XIX) Disclosure requirements as per Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended read with Reserve Bank of India (Non-Banking Financial Companies - Asset Liability Management) Directions, 2025

a Funding concentration based on significant counterparty (both deposits and borrowings)

As at March 31, 2026

Sr. No.	Number of significant counterparties	Rupees in Lakhs	% of Total Deposits	% of Total Liabilities
1	30	15,31,978.08	Not Applicable	80.15%

As at March 31, 2025

Sr. No.	Number of significant counterparties	Rupees in Lakhs	% of Total Deposits	% of Total Liabilities
1	25	11,73,052.63	Not Applicable	78.92%

b Top 20 large Deposits (Rupees in Lakhs and % of total deposits)

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with the Reserve Bank of India, does not accept public deposits.

c Top 10 borrowings (Lender wise in Rupees in Lakhs and % of total borrowings)

Particulars	As at March 31, 2026	As at March 31, 2025
Total amount of top 10 borrowings (₹ in lakhs)	8,89,257.35	7,84,617.17
Percentage of amount of top 10 borrowings to total borrowings	47.31%	54.21%

d Funding concentration bases on significant instrument / product

Sr. No.	Name of the Instrument / Product	As at March 31, 2026	
		Rupees in lakhs	% of Total liabilities#
1	Term loans from banks	9,26,387.50	48.46%
2	External Commercial Borrowings	4,97,908.26	26.05%
3	Non- Convertible Debentures	2,94,043.14	15.38%
4	Term loans from FIs	80,729.59	4.22%
5	Treasury Bills Repurchase - Borrowings	21,081.57	1.10%



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Sr. No.	Name of the Instrument / Product	As at March 31, 2025	
		Rupees in lakhs	% of Total liabilities#
1	Term loans from banks	8,08,399.64	54.39%
2	Non- Convertible Debentures	3,57,717.51	24.07%
3	External Commercial Borrowings	2,31,714.73	15.59%
4	Term loans from FIs	21,858.60	1.47%

e Stock Ratios:

Sr. No.	Name of the Instrument / Product	As at March 31, 2026	As at March 31, 2025
i)	Commercial Papers to Total Liabilities	0.72%	0.96%
ii)	Commercial Papers to Total Assets	0.55%	0.75%
iii)	Commercial Papers to Public funds	0.74%	0.98%
iv)	NCD(Original Maturity < 1yrs.) to Total Liabilities	NIL	NIL
v)	NCD(Original Maturity < 1yrs.) to Total Assets	NIL	NIL
vi)	NCD(Original Maturity < 1yrs.) to Public funds	NIL	NIL
vii)	Other Short Term Liabilities to Total Liabilities ##	2.09%	1.06%
viii)	Other Short Term Liabilities to Total Assets ##	1.59%	0.83%
ix)	Other Short Term Liabilities to Public funds ##	2.15%	1.08%

All the above numbers are excluding Ind AS adjustments.

Other Short term liabilities refers to liabilities raised with original maturity of less than one year.

f Institutional set-up for liquidity risk management

The Board of Directors is responsible for establishing and reviewing the ALM & Risk management Policies. Towards this end, the Board has established an ALM Committee (ALCO), which has been delegated the authority to manage funds and to match the Assets and the Liabilities in terms of their maturities and interest rate sensitivities, so that the risk arising from such mismatches can be contained within the desired limit. Similarly, the Board has also constituted Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various risks, including liquidity risk, faced by the Company. ALCO and RMC meetings are conducted at a frequency which is warranted from time to time with minimum frequency of once in a quarter. The board reviews the minutes of the ALCO & RMC meetings and additional summarized information on a quarterly basis. If necessary the Board also recommends the actions that are in the best interest of the company.

(XX) Other statutory information:

During the current year and previous year

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- f The Company has not traded or invested in Crypto currency or Virtual Currency.
- g The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017
- h During the year the quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
- i The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

j Key Financial Ratios :

Ratio	Year ended March 31, 2026	Year ended March 31, 2025	Reason for Variance (if above 25%)
Capital to risk weighted assets ratio (CRAR)	26.73%	22.44%	
Tier I CRAR	26.08%	21.78%	
Tier II CRAR	0.65%	0.66%	
Liquidity coverage ratio	312.15%	230.17%	Higher HQLA maintained.

- k The Company do not have any transactions with struck off companies.
- l The Company has not granted any loans or advances in the nature of loans to promoters, directors, relatives of the directors, entities where directors or their relatives have major shareholding, KMPs, senior management (as defined under the Companies Act, 2013) and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.
- m The Company has not entered into any scheme of arrangement under sections 230 to 237 of the Companies Act, 2013



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.25 Related Party Disclosure:

Related party disclosure - Pursuant to the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended from time to time is provided below.

Items	Parent (as per ownership or control)	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Directors	Relatives of Directors	Others	Total
Balance outstanding as on 31-Mar-26								
Borrowings	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Placement of Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advances	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments	-	19,679.79	-	-	-	-	-	19,679.79
	(-)	(19,679.79)	(-)	(-)	(-)	(-)	(-)	(19,679.79)
Receivables	-	383.81	-	-	-	-	-	383.81
	(1,079.54)	(383.81)	(-)	(-)	(-)	(-)	(-)	(1,463.35)
Sitting Fees payable	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	-	(-)	(-)	-	(-)
Commission Payable	-	-	-	-	78.48	-	-	78.48
	(-)	(-)	(-)	(-)	(78.48)	(-)	(-)	(78.48)
Transactions during the year								
Purchase of fixed/other assets	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Investment in equity shares of subsidiary	-	17,006.00	-	-	-	-	-	17,006.00
Reimbursement of expenses	1,079.54	208.88	-	-	-	-	-	1,288.42
Common support cost-recharge	-	232.69	-	-	-	-	-	232.69
Commission ²	-	-	-	-	78.54	-	-	78.54
Remuneration to KMPs	-	-	961.45	-	-	-	-	961.45
Sitting Fees ²	-	-	-	-	74.94	-	-	74.94

Notes:

- Figures in bracket indicates maximum balance outstanding during the year
- The transactions disclosed above are inclusive of Goods and Service Tax ('GST').
- For detailed list of related parties refer to note no 37.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

The Company's related party balances and transactions for the year ended March 31, 2025 are summarised as follows:

Items	Parent (as per ownership or control)	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Directors	Relatives of Directors	Others	Total
Balance outstanding as on 31-Mar-25								
Borrowings	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Placement of Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advances	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments	-	2,673.79	-	-	-	-	-	2,673.79
	(-)	(2,673.79)	(-)	(-)	(-)	(-)	(-)	(2,673.79)
Receivables	-	169.65	-	-	-	-	-	169.65
	(-)	(169.65)	(-)	(-)	(-)	(-)	(-)	(169.65)
Sitting Fees payable	-	-	-	-	0.55	-	-	0.55
	(-)	(-)	(-)	(-)	(0.55)	(-)	(-)	(0.55)
Commission Payable	-	-	-	-	55.15	-	-	55.15
	(-)	(-)	(-)	(-)	(55.15)	(-)	(-)	(55.15)
Transactions during the year								
Purchase of fixed/other assets	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Investment in equity shares of subsidiary	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	8.49	-	-	-	-	-	8.49
Common support cost-recharge	-	47.23	-	-	-	-	-	47.23
Commission 2	-	-	-	-	55.15	-	-	55.15
Remuneration to KMPs	-	-	872.66	-	-	-	-	872.66
Sitting Fees 2	-	-	-	-	64.53	-	-	64.53

Notes:

- Figures in bracket indicates maximum balance outstanding during the year
- The transactions disclosed above are inclusive of Goods and Service Tax ('GST').
- For detailed list of related parties refer to note no 37.

The Company has not granted any loans and advances to Directors, Senior Officers and relative of Directors (March 31, 2025: Nil).



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41.26 Exposures to Related Parties

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A. Loan to related parties		
Aggregate value of loans sanctioned to related parties during the year	-	-
Aggregate value of outstanding loans to related parties as on 31st March	-	-
Aggregate value of outstanding loans to related parties as a proportion of total credit exposure as on 31st March (in %)	-	-
Aggregate value of outstanding loans to related parties which are categorized as:	-	-
(i) Special Mention Accounts as on 31st March	-	-
(ii) Non-Performing Assets as on 31st March	-	-
Amount of provisions held in respect of loans to related parties as on 31st March	-	-
B. Contracts and Arrangements involving Related Parties		
Aggregate value of contracts and arrangements awarded to related parties during the year (Refer note 1)	-	-
Aggregate value of outstanding contracts and arrangements involving related parties as on 31st March	-	-

- The Company has not awarded contracts and arrangements to related parties during the current financial year and previous financial year. However, the Company has entered into agreement towards common support services with its wholly owned subsidiary for sharing of resources. Please refer note 37 on related party transactions for transaction amount and outstanding balances.

41.27 Loans to directors, senior officers and relatives of directors

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	-	-

41.28 Breach of Covenant

There are no breach of covenants for borrowings in the current year and previous year.

41.29 Sectoral Disclosure

Sectors	As at March 31, 2026			As at March 31, 2025		
	Total Exposure (Includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector	Total Exposure (Includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector
Total sectors exposure	21,52,242.36	7,497.32	0.35%	18,42,818.07	4,451.39	0.24%
1. Agriculture and Allied Activities						
2. Industry						
3. Services						
(i) Micro and Small ¹	3,47,441.33	1,216.70	0.35%	2,84,908.64	2,177.60	0.76%
(ii) Others	4,588.03	257.85	5.62%	6,006.27	32.34	0.54%
Total of Services	3,52,029.36	1,474.55	0.42%	2,90,914.91	2,209.94	0.76%
4. Personal Loans ²						
(i) Education Loans	17,40,966.58	5,123.70	0.29%	15,12,036.50	1,687.55	0.11%
(ii) Others ³	59,246.42	899.07	1.52%	39,866.66	553.90	1.39%
Total of Personal Loans	18,00,213.00	6,022.77	0.33%	15,51,903.16	2,241.45	0.14%
5. Others, if any (please specify)						

1. Includes loans given to institutes and corporates.

2. Personal Loan includes education loans given to individual.

3. Others include personal loans other than education loans.

4. The above sectoral classification is based on 'Sectoral Deployment of Bank Credit' published by Reserve Bank of India. This is relied upon by the auditors.

42 The Company had filed its Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI), BSE Limited, and National Stock Exchange of India Limited in connection with its Initial Public Offering (IPO) of equity shares. Final observations on the DRHP were received from the SEBI vide their letter dated October 23, 2024 whereby the Company could open its IPO for subscription within a period of 12 months from the date of the letter. The Company decided not to proceed with the IPO plan at this point in time. Accordingly, the expenses incurred towards the proposed IPO were apportioned between the Company and the selling shareholders in proportion of the fresh issue and offer for sale. The Company's share of expenses aggregating ₹ 569.62 lakhs was charged off to the Statement of Profit and Loss during the year ended March 31, 2026.

43 In compliance with Section 128 of the Companies Act, 2013 read with proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, the Company uses an accounting software and loan management software for maintaining its books of accounts which has a feature of recording audit trail (edit log) which has operated throughout the year for all relevant transactions. There were no instances of the audit trail feature being tampered with in relation to these softwares at application level as well database level. In case of logs at database level for accounting software, the Company has relied on Type 2 Soc 1 Report issued by an independent service auditor. Also, the audit trail has been preserved by the Company as per the statutory requirements for record retention.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

- 44 The financial statements were approved by the Board of Directors on April 28, 2026.
- 45 Previous year figures have been regrouped/ reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45.

In terms of our report attached

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration
No. 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place : Mumbai

Date : April 28, 2026

For Kirtane & Pandit LLP

Chartered Accountants
Firm Registration
No. 105215W/W100057

Pinky Nagdev

Partner

Membership No. 130815

Place : Mumbai

Date : April 28, 2026

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Rakesh Bhatt

Director

DIN - 02531541

Place : Mumbai

Date : April 28, 2026

Shailendra Dhupiya

Chief Financial Officer

Place : Mumbai

Date : April 28, 2026

Amit Gaiinda

Managing Director &
Chief Executive Officer

DIN - 09494847

Place : Mumbai

Date : April 28, 2026

Rajesh Gandhi

Company Secretary

Place : Mumbai

Date : April 28, 2026



INDEPENDENT AUDITOR'S REPORT

To the Members of Avanse Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Avanse Financial Services Limited ('the Holding Company') and its subsidiary, Avanse Global Finance IFSC Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary the aforesaid consolidated 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 ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2026, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Expected Credit Losses (ECL) on loan assets

Refer note 3.12 for material accounting policy on impairment of loan assets and notes 7, 26 and 41(i) for financial disclosures in the accompanying consolidated financial statements. At 31 March 2025, the Group reported total gross loans of ₹ 2,085,425.61 lakhs (2025: ₹ 1,743,334.72 lakhs) and provision towards expected credit loss of ₹ 25,697.40 lakhs of expected credit loss provisions (2025: ₹ 17,046.58 lakhs).

Key Audit Matter

Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Group to provide for impairment of its loan assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Group's loan assets.

ECL cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates and applying appropriate measurement principles in case of loss events, including additional considerations on account of Reserve Bank of India guidelines in relation to restructuring.

How our audit addressed the key audit matter

Our audit focused on assessing the appropriateness of management's judgment and estimates used in the computation of expected credit losses through the following procedures, but were not limited to the following procedures:

- Examined the Board approved policy for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Group in accordance with the requirements of Ind AS 109;
- Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2026) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;



AVANSE FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • Segmentation of loan book into various buckets; • Determining the criteria for a significant increase in credit risk; • Factoring in future economic assumptions / conditions; • Techniques used to determine probability of default, loss given default and exposure at default; and • Management overlay estimated at stage level, cohort level, geography level or institutional level. These parameters are derived from the Group's internally developed statistical models with the help of management experts and other historical data. Considering the significance of the above matter to the consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.	• Tested the completeness of loans included in the ECL calculations as of 31 March 2026 by reconciling it with the underlying reports. Also, tested the input data used in the PD and LGD model for ECL calculation for its completeness and accuracy with the underlying books of account and records; • Tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage; • Tested the appropriateness of determining EAD, PD and LGD, on sample basis. For exposure determined to be individually impaired, assessed their reasonableness and checked the resultant provision calculations; • Performed an overall assessment of the ECL provision levels at each stage, including management's assessment and provision on account of the group's portfolio, risk profile, credit risk management practices as well as the macroeconomic environment; • Tested assumptions used by the management in determining the overlay for macro-economic and other factors; • Evaluated whether the methodology applied by the Group is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including mathematical accuracy of the workings; • Obtained written representations from the management in relation to appropriateness of such ECL methodology and reasonableness of the judgements and assumptions used; and • Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and the related RBI circulars/ guidelines.

Information Technology ('IT') Systems and Controls for the financial reporting process

Key Audit Matter	How our audit addressed the key audit matter
The Group is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Amongst other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the consolidated financial statements. The Group's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans, computation of daily DPD amongst others. The controls implemented by the Group in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Group's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit; • Tested the design and operating effectiveness of the Group's IT controls over the IT applications as identified above;



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INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
Our areas of audit focus included user access management, changes to the IT environment and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems. Accordingly, due to the importance of the impact of the IT systems and automated controls and related control environment on the Group's financial reporting process, we have determined 'IT Systems and Controls for the financial reporting process' as a key audit matter for the current year audit.	- On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: - Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments; - User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties; and - Other areas that were assessed under the IT control environment included batch processing and interfaces; - Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; and - Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



AVANSE FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its subsidiary 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its subsidiary to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.



AVANSE FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT

Other Matter

15. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 30,852.54 lakhs as at 31 March 2026, total revenues of ₹ 1,046.95 lakhs and net cash inflows amounting to ₹ 3,187.67 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements of the Group for the year ended 31 March 2025 were audited by Walker Chandok & Co LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 30 April 2025, whose reports has been furnished to Kirtane & Pandit LLP by the management, and which has been relied upon by them for the purpose of their audit of the consolidated financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the subsidiary incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
19. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - e) On the basis of the written representations received from the directors of the Holding Company, taken on record by the Board of Directors of the Holding Company and its subsidiary covered under the Act, none of the directors of the Holding Company and its subsidiary, are disqualified as on 31 March 2026 from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 30 to the consolidated financial statements;



AVANSE FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT

- ii. The Holding Company and its subsidiary did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2026;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, covered under the Act, during the year ended 31 March 2026;
- iv. a. The respective managements of the Holding Company and its subsidiary, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in note 42(d) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary, to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its subsidiary, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the note 42(e) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditor of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company and its subsidiary have not declared or paid any dividend during the year ended 31 March 2026.
- vi. As stated in note 45 to the consolidated financial statements and based on our examination which included test checks and that performed by the auditor of the subsidiary, the Holding Company and its subsidiary, in respect of financial year commencing on 1 April 2025, have used accounting softwares for maintaining their books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year or relevant period, in case of new software, for all relevant transactions recorded in the software. Further, during the course of our audit, we and auditor of the above referred subsidiary did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trail has been preserved by the Holding Company and above referred subsidiary, as per the statutory requirements for record retention.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No: 105215W/W100057

Manish Gujral
Partner
Membership No. 105117

Pinky Nagdev
Partner
Membership No. 130815

UDIN: 26105117EGOKQA7874

UDIN: 26130815ESJURB9586

Place: Mumbai
Date: 28 April 2026

Place: Mumbai
Date: 28 April 2026



AVANSE FINANCIAL SERVICES LIMITED INDEPENDENT AUDITOR'S REPORT

ANNEXURE I

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Avanse Financial Services Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2026, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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



AVANSE FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2026, based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 30,852.54 lakhs, total revenues of ₹ 1,046.95 lakhs and net cash inflows amounting to ₹ 3,187.67 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN: 26105117EGOKQA7874

Place: Mumbai
Date: 28 April 2026

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No: 105215W/W100057

Pinky Nagdev
Partner
Membership No. 130815

UDIN: 26130815ESJURB9586

Place: Mumbai
Date: 28 April 2026



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
ASSETS			
I Financial assets			
(a) Cash and cash equivalents	4	2,25,706.19	1,18,524.14
(b) Bank balances other than cash and cash equivalents	5	55,884.32	8,518.10
(c) Derivative financial instruments	40.4	55,573.51	1,727.69
(d) Trade receivables	6	4,524.66	2,175.31
(e) Loans	7	20,59,728.21	17,26,288.14
(f) Investments	8	86,548.58	24,373.52
(g) Other financial assets	9	24,119.76	2,011.20
		25,12,085.23	18,83,618.10
II Non-Financial assets			
(a) Current tax assets (net)	10A	953.10	415.64
(b) Deferred tax assets (net)	10B	-	1,735.52
(c) Property, plant and equipment	11	3,439.46	4,260.35
(d) Capital work-in-progress	11	-	-
(e) Right of use assets	11	3,261.03	3,890.93
(f) Intangible assets under development	11	612.67	126.48
(g) Other intangible assets	11	1,889.70	2,352.77
(h) Other non-financial assets	12	2,308.95	4,279.67
		12,464.91	17,061.36
Total Assets		25,24,550.14	19,00,679.46
LIABILITIES AND EQUITY			
LIABILITIES			
I Financial Liabilities			
(a) Derivative financial instruments	40.4	-	4,656.33
(b) Trade payables	13		
- total outstanding dues of micro enterprises and small enterprises		56.29	1.15
- total outstanding dues of creditors other than micro enterprises and small enterprises		11,159.87	8,535.74
Other Payables			
- total outstanding dues of micro enterprises and small enterprises			



AVANSE FINANCIAL SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
- total outstanding dues of creditors other than micro enterprises and small enterprises	22.88	28.85	
(c) Debt securities	14	3,07,846.67	3,71,959.70
(d) Borrowings (other than debt securities)	15	15,43,703.65	10,70,341.87
(e) Subordinated liabilities	16	5,064.22	5,056.51
(f) Other financial liabilities	17	47,813.79	24,002.37
		19,15,667.37	14,84,582.52
II Non-Financial Liabilities			
(a) Current tax liabilities (net)	10A	880.12	-
(b) Deferred tax liabilities (net)	10B	1,625.30	-
(c) Provisions	18	1,313.07	698.76
(d) Other non-financial liabilities	19	1,600.19	1,198.10
		5,418.68	1,896.86
III EQUITY			
(a) Equity share capital	20	12,591.16	12,591.16
(b) Instruments entirely equity in nature		3,174.35	-
(c) Other equity	21	5,87,698.58	4,01,608.92
Total Equity		6,03,464.09	4,14,200.08
Total Liabilities and Equity		25,24,550.14	19,00,679.46
The accompanying notes form an integral part of the Consolidated Financial Statements	1 to 47		

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration
No. 001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration
No. 105215W/W100057

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

Pinky Nagdev
Partner

Membership No. 130815
Place : Mumbai
Date : April 28, 2026

Rakesh Bhatt
Director

DIN - 02531541
Place : Mumbai
Date : April 28, 2026

Amit Gaiinda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025
I Income			
Revenue from operations			
(a) Interest income	22	2,53,714.19	2,01,440.32
(b) Fees and commission income	23	18,701.79	22,396.70
(c) Net gain on fair value changes	24	1,272.69	1,466.76
(d) Net gain on derecognition of financial instrument under amortised cost basis		14,333.73	9,092.07
(e) Other operating income		1,222.55	311.33
Total revenue from operations		2,89,244.95	2,34,707.18
(f) Other income		460.97	468.28
Total income		2,89,705.92	2,35,175.46
II Expenses			
(a) Finance costs	25	1,53,124.27	1,21,699.73
(b) Impairment on financial instruments	26	11,812.75	6,479.15
(c) Employee benefits expense	27	19,666.66	16,999.95
(d) Depreciation and amortisation expense	11	4,242.37	3,590.25
(e) Other expenses	28	20,525.52	19,192.36
Total expenses		2,09,371.57	1,67,961.44
III Profit before tax		80,334.35	67,214.02
IV Tax expense			
(a) Current tax	10B	19,613.77	16,218.63
(b) Deferred tax	10B	1,034.09	783.09
Total tax expense		20,647.86	17,001.72
V Net profit for the year		59,686.49	50,212.30



AVANSE FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025
VI Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/(losses) on post-retirement benefit plans		(40.57)	(88.55)
(ii) Income tax on above		10.21	22.29
Subtotal (A)		(30.36)	(66.26)
(B) Items that will be reclassified to profit or loss			
(i) Foreign Currency Translation Reserve		1,348.12	60.04
(ii) Fair Value gain/(loss) on derivative financial instrument		9,285.38	(6,153.17)
(iii) Income tax on above		(2,336.94)	1,548.63
Subtotal (B)		8,296.56	(4,544.50)
Total other comprehensive income/(loss) (A+B)		8,266.20	(4,610.76)
VII Total comprehensive income		67,952.69	45,601.54
VIII Earnings per equity share	29		
(Face value of ₹ 5/- each)			
Basic (₹)		22.94	19.94
Diluted (₹)		22.40	19.25
The accompanying notes form an integral part of the Consolidated Financial Statements	1 to 47		

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration
No. 001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration
No. 105215W/W100057

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

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Partner

Membership No. 130815
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DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
A Cash flow from operating activities			
Profit before tax		80,334.35	67,214.02
Adjustment for:			
Interest income on loans*	22	(2,47,226.62)	(1,96,443.55)
Depreciation and amortisation expenses	11	4,242.37	3,590.25
Net gain on fair value changes	24	(1,272.69)	(1,466.76)
Interest expense on borrowings	25	1,52,023.37	1,21,011.19
Interest on fixed deposits	22	(3,676.34)	(3,194.97)
Interest Income from treasury bills	22	(822.67)	(1,801.80)
Interest income from government securities	22	(946.49)	-
Interest income from certificate of deposits	22	(20.56)	-
Interest Income on treasury bills repurchase	22	(1,021.51)	-
Impairment of financial instruments	26	8,540.33	4,547.59
Bad-debts written off	26	3,089.41	1,931.56
Employee share based payment expenses	27	1,363.96	931.64
Finance cost on lease liability	25	354.29	371.08
(Profit) on sale of property, plant and equipments		(0.57)	(3.17)
Cash flows used in operation before working capital changes and adjustment for interest received and paid		(5,039.37)	(3,312.92)
Operational cash flows from interest			
Interest received on loans*		98,196.24	67,936.88
Interest paid on borrowings		(1,57,580.91)	(1,22,679.86)
Working capital changes			
Adjustment for:			
(Increase) in loans*		(2,10,197.29)	(3,64,578.55)
Decrease/(Increase) in other non-financial assets		1,970.74	(2,896.42)
(Increase) in other financial assets		(7,804.22)	(582.89)
(Increase) in trade receivables		(2,349.36)	(1,255.92)
Increase/(Decrease) in other financial liabilities		24,308.67	(17,601.57)
Increase in trade & other payables		2,503.34	1,151.86
Increase/(Decrease) in other non financial liabilities		407.42	(574.25)
Increase in provisions		568.40	307.74
Cash (used in) operations		(2,55,016.34)	(4,44,085.90)
Direct taxes paid (net)		(19,271.10)	(14,728.26)
Net cash (used in) operating activities		(2,74,287.44)	(4,58,814.16)



AVANSE FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
B Cash flow from investing activities			
Investments in/sale of mutual fund units (net)		1,272.70	1,466.76
Investments in/redemption of treasury bills (net)		15,284.78	1,742.84
Investment in/redemption of treasury bills repurchase (net)		1,021.51	-
Investment in certificate of deposits		(9,820.45)	-
Investment in government securities		(67,475.36)	-
Interest received on government securities		1,625.67	-
Interest received on fixed deposits		3,047.95	3,252.31
Purchase of property, plant & equipment and intangible assets		(2,296.95)	(3,596.19)
Sale of property, plant & equipment and intangible assets		108.14	65.39
Fixed deposit not considered as cash and cash equivalents (net)		(46,737.84)	14,385.30
Net cash (used in) / generated from investment activities		(1,03,969.85)	17,316.41
C Cash flow from financing activities			
Proceeds from issue of compulsorily convertible preference shares (including securities premium, net-off of share issue expenses)	20B	1,19,947.36	(4.53)
Debt securities & subordinated liabilities issued		34,460.11	2,34,272.68
Debt securities & subordinated liabilities repaid		(91,407.77)	(1,65,121.48)
Borrowings (other than debt securities) taken		7,20,438.30	5,64,070.00
Borrowings (other than debt securities) repaid		(3,22,424.89)	(2,01,965.65)
Proceeds from short-term borrowings (net)		24,554.93	(108.94)
Principal payment of lease liability		(1,122.53)	(885.14)
Interest paid on lease liability		(354.29)	(371.08)
Net cash generated from financing activities		4,84,091.22	4,29,885.86
Effect of exchange fluctuation on translation reserve		1,348.12	60.04
Net increase/ (decrease) in cash and cash equivalents		1,07,182.05	(11,551.85)
Cash and cash equivalents at the beginning of the year		1,18,524.14	1,30,075.99
Cash and cash equivalents at the end of the year		2,25,706.19	1,18,524.14
Cash and cash equivalents at the end of the year comprises of:			
Cash in hand		1.46	2.28
Balance with banks			
- In Current accounts		68,813.67	75,019.47
- In fixed deposit with original maturity of less than 3 months		1,56,885.77	43,490.76
Cheques on hand		5.29	11.63
Total		2,25,706.19	1,18,524.14

The accompanying notes form an integral part of the Consolidated Financial Statements

1 to 47

**AVANSE FINANCIAL SERVICES LIMITED****CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026**

*Considering the nature of business wherein interest is capitalised within the respective loan, interest income has been adjusted with profit before tax and increase /(decrease) in loans and disclosed separately to the extent collected.

Notes:

1. Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 'Statement of Cash Flows'.
2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 'Statement of Cash Flows', prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.
3. For disclosure relating to changes in liabilities arising from financing activities refer note 33.

In terms of our report attached

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration
No. 001076N/N500013

For Kirtane & Pandit LLP

Chartered Accountants
Firm Registration
No. 105215W/W100057

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

Pinky Nagdev
Partner

Membership No. 130815
Place : Mumbai
Date : April 28, 2026

Rakesh Bhatt
Director

DIN - 02531541
Place : Mumbai
Date : April 28, 2026

Amit Gaiinda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

A. Equity Share Capital

(₹ in Lakhs)

Particulars	Balance as at April 1, 2024	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2025
Equity Share Capital	12,591.16	-	-	-	12,591.16

*Refer note no. 20A

Particulars	Balance as at April 1, 2025	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2026
Equity Share Capital	12,591.16	-	-	-	12,591.16

*Refer note no. 20A

Particulars	Balance as at April 1, 2024	Changes in CCPS due to prior period error	Restated balance at the beginning of the current year	Changes in CCPS during the year*	Balance as at March 31, 2025
Preference Share Capital	-	-	-	-	-

*Refer note no. 20B

Particulars	Balance as at April 1, 2025	Changes in CCPS due to prior period error	Restated balance at the beginning of the current year	Changes in CCPS during the year*	Balance as at March 31, 2026
Preference Share Capital	-	-	-	3,174.35	3,174.35

*Refer note no. 20B



AVANSE FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

B. Other Equity

(₹ in Lakhs)

			Reserves and Surplus				Other Comprehensive Income		Total
	Securities Premium - CCPS (refer note 20B)	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation reserve	
Balance as at April 1, 2024	-	2,88,163.93	52,547.30	47.45	1,904.23	13,374.54	(992.45)	35.27	3,55,080.27
Profit for the year	-	-	50,212.30	-	-	-	-	-	50,212.30
Other Comprehensive Income / (loss)	-	-	(66.26)	-	-	-	(4,604.54)	60.04	(4,610.76)
Total Comprehensive Income for the year	-	-	50,146.04	-	-	-	(4,604.54)	60.04	45,601.54
Transfers to Statutory reserve as per Section 45-IC of the RBI Act, 1934	-	-	(10,084.54)	-	-	10,084.54	-	-	-
Charge for the year in respect of Stock Options (Refer note 27)	-	-	-	-	931.64	-	-	-	931.64
Share issuance expenses	-	(4.53)	-	-	-	-	-	-	(4.53)
Balance as at March 31, 2025	-	2,88,159.40	92,608.80	47.45	2,835.87	23,459.08	(5,596.99)	95.31	4,01,608.92



AVANSE FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

	Reserves and Surplus						Other Comprehensive Income		Total
	Securities Premium - CCPS (refer note 20B)	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation reserve	
Balance as at April 1, 2025	-	2,88,159.40	92,608.80	47.45	2,835.87	23,459.08	(5,596.99)	95.31	4,01,608.92
Profit for the year	-	-	59,686.49	-	-	-	-	-	59,686.49
Other Comprehensive Income / (loss)	-	-	(30.36)	-	-	-	6,948.44	1,348.12	8,266.20
Total Comprehensive Income for the year	-	-	59,656.13	-	-	-	6,948.44	1,348.12	67,952.69
Transfers to Statutory reserve as per Section 45-IC of the RBI Act, 1934	-	-	(11,958.90)	-	-	11,958.90	-	-	0.00
Charge for the year in respect of Stock Options (Refer note 27)	-	-	-	-	1,363.96	-	-	-	1,363.96
Securities premium on shares allotted during the year	1,16,825.65	-	-	-	-	-	-	-	1,16,825.65
Share issue expenses	(52.64)	-	-	-	-	-	-	-	(52.64)
Balance as at March 31, 2026	1,16,773.01	2,88,159.40	1,40,306.03	47.45	4,199.83	35,417.98	1,351.45	1,443.43	5,87,698.58

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 47

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration
No. 001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration
No. 105215W/W100057

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

Pinky Nagdev
Partner

Membership No. 130815
Place : Mumbai
Date : April 28, 2026

Rakesh Bhatt
Director

DIN - 02531541
Place : Mumbai
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Amit Gaiinda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

1. CORPORATE INFORMATION

Avanse Financial Services Limited (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a non-banking financial company registered with the Reserve Bank of India ('RBI') and is primarily engaged in the business of financing education loans to students and education infrastructure loans to institutions. The Company is registered with Ministry of Corporate Affairs (Corporate Identity Number (CIN) U67120MH1992PLC068060). The non-convertible debentures of the Company are listed on BSE Limited.

The details of registration with RBI are as follows:

Registration number: B-13.01704

Category: Systemically Important Non-deposit taking Non-Banking Financial Company (NBFC NDSI)

Classification: Investment and Credit Company (ICC)

Layer: Middle Layer (NBFC-ML)

The registered office of the Company is E-Wing, 4th Floor, Times Square, Andheri - Kurla Rd, Gamdevi, Marol, Andheri East, Mumbai, Maharashtra 400059.

2. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

Presentation of financial statements

The Consolidated Financial Statements comprises of the Consolidated Balance Sheet as at March 31, 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income/(Loss)), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended March 31, 2026 and the statement of material accounting policies and explanatory notes (together referred to as "Consolidated Financial Statements").

The Consolidated Financial Statements of Avanse Financial Services Limited ('the Parent') and its wholly owned subsidiary company i.e. Avanse Global Finance IFSC Private Limited (hereinafter collectively referred as 'the Group') have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for implementation of Ind AS') and Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended. The Group uses accrual basis of accounting. The Group prepares and presents its Balance Sheet, Statement of Profit and Loss and the Changes in Equity in the format prescribed by Division III of schedule III of the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Historical cost convention

The financial statements have been prepared and presented on going concern basis and on 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.

Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiary as at March 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Valuation governance framework

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 Group 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 Consolidated Financial Statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 (Share Based payments), leasing transactions that are within the scope of Ind AS 116 (Leases), and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 (Impairment of Assets).

Valuation principles

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 Group 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

The Consolidated Financial Statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Maintenance of Books of Accounts

The Group has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 relating to maintenance of electronic books of account and other relevant books and papers. The Group's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.

With respect to maintenance of audit trail in respect of accounting software used by the Group pursuant to the requirements of the Companies (Accounts) Rules, 2014, refer note 45.

3. MATERIAL ACCOUNTING POLICIES

3.1 (a) Property, plant and equipment and Intangible Assets

i. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group 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 if it meets the cost criteria which is directly attributable to the asset acquired."

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under. Leasehold improvement is depreciated on SLM over the lease term subject to a maximum of 5 years.

Category of Assets	Useful Life
Furniture & Fixtures	6 years
Computer Hardware	3 years
Vehicle	4 years
Office Equipment	5 years

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 assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group 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.

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.

3.1 (b) Impairment on non-financial assets

As at the end of each year, the Group reviews the carrying amount of its non financial assets 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



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

and the reduction is recognised as an impairment loss in the Consolidated Statement of Profit and Loss (including other comprehensive income).

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 the Consolidated Statement of Profit and Loss (including other comprehensive income).

3.2 Revenue Recognition

a. Interest Income

The Group recognises interest income using effective interest rate method (EIR) on all interest bearing financial assets subsequently measured under amortised cost. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, the Group recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Group recognises the interest income by applying the EIR to the gross carrying amount of financial assets.

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 fair value through profit or loss (FVTPL), transaction costs are recognised in profit or loss at initial recognition.

b. Fees and Commission Income

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation.

Delayed payment charges (penal charges) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation basis.

Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group considers the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Group excludes the estimates of variable consideration that are constrained. The Group applies the five-step approach for recognition of revenue:

- i. Identification of contract(s) with customers;
- ii. Identification of the separate performance obligations in the contract;
- iii. Determination of transaction price;
- iv. Allocation of transaction price to the separate performance obligations; and
- v. Recognition of revenue when (or as) each performance obligation is satisfied.

Fee and commission income include fees other than those that are an integral part of EIR. The fee & commission included in this part of the Consolidated Statement of Profit and Loss (including other comprehensive income) include among other things fees charged for servicing a loan, commission on forex and insurance commission.

Fee and Commission Income are recognised after the performance obligation in the contract is fulfilled and commission income such as insurance commission and fee income, etc. are recognised on point in time or over the period basis, as applicable.

c. Investment Income

The gains/ losses on sale of investments are recognised in the Consolidated Statement of Profit and Loss (including other comprehensive income) on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.



d. Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio sold and the rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS is based on the behavioural cash flows on execution of the transaction, discounted at the rate entered into with the assignee and recorded upfront (net off of servicing cost) in the Standalone Statement of Profit and Loss (including other comprehensive income). EIS is evaluated and adjusted for ECL.

3.3 Leases

The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Group as a lessee

The Group assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves—

- a) the use of an identified asset,
- b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- c) the right to direct the use of the identified asset.

The Group at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. As a lessee, the Group determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in the Consolidated Statement of Profit and Loss (including other comprehensive income).

For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

3.4 Borrowing costs

Interest expenses is calculated using effective interest rate ('EIR') and calculation of the EIR includes all fees paid that are incremental and directly attributable to the issue of a financial liability. EIR is calculated by considering all costs attributable to acquisition of a financial liability and it represents a rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

All other borrowing costs which are not incremental and not directly attributable to the issue of a financial liability are recognised in the Consolidated Statement of Profit and Loss (including other comprehensive income) in the period in which they are incurred.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

3.5 Employee Benefits

Share-based payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Group measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield. The stock options granted to employees pursuant to the Group's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to Consolidated Statement of Profit and Loss is credited with corresponding decrease in equity.

Defined Contribution Plan

Payments to defined contribution plans are recognised as expense in the Consolidated Statement of Profit and Loss (including other comprehensive income) of the year when employees have rendered service entitling them to the contributions. The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group 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.

The Group's contribution paid/ payable during the year to National Pension Scheme is recognised in the Consolidated Statement of Profit and Loss (including other comprehensive income).

Defined Benefit Obligation

In accordance with Indian law, the Group operate a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment in accordance with the provisions under the Code on Social Security, 2020.

The Group'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 at each reporting period by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (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 Consolidated Statement of Profit and Loss (including other comprehensive income).

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 Consolidated Statement of Profit and Loss (including other comprehensive income). The Group 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 Group 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, compensated absences and short term incentive plan which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.6 Income Tax

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



Current Tax

The tax currently payable is based on the taxable profit for the year of the Group. Taxable profit differs from 'profit before tax' as reported in the Consolidated 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 and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.7 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. GST not available for credit is charged under respective nature of expenses.

3.8 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 Group 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.

3.9 Commitments

Commitments are future liabilities for contractual expenditure/cash outflow, 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 and
- iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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

3.10 Cash and Cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Consolidated Balance Sheet.

3.11 Financial Instruments

Recognition of Financial Instruments

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

Initial Measurement of Financial Instruments

The financial assets and financial liabilities are initially measured at fair value, except for trade receivables. 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. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Consolidated Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, the Group 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 Consolidated 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.

Cash Flow Hedge

The Group enters into derivatives such as cross currency interest rate swap contracts and interest rate swap contracts to mitigate interest rate risk and foreign exchange rate risk exposure on external commercial borrowings and foreign currency loans. These instruments are designated as cash flow hedges. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Consolidated Statement of Profit and Loss (including other comprehensive income). If the hedging instrument no longer meets the criteria for hedge accounting, it is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period of the hedge was effective, remains in cash flow hedge reserve until the ECB is derecognised. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Consolidated Statement of Profit and Loss (including other comprehensive income) upon the derecognition of the hedged item.

3.12 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;



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

- Debt instrument that are held in a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and that have contractual cash flows that are SPPI on the principal amount outstanding, are measured at fair value through other comprehensive income (FVOCI);
- 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 Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- The Group 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 Group may irrevocably designate a debt instrument that meets the amortised cost or FVOCI 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 Group 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

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

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are meeting 'solely payments of principal and interest' ('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.

Debt instruments that are subsequently measured at amortised cost 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 FVOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVOCI 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 FVOCI 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 Group'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.



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Reclassifications

If the business model under which the Group 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 Group's financial assets.

During the current year and previous year there was no change in the business model under which the Group 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.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Group also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition. The Group has transferred the financial asset if, and only if, either: - It has transferred its contractual rights to receive cash flows from the financial asset Or - It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement. Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

1. The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
2. The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
3. The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either: - The Group has transferred substantially all the risks and rewards of the asset or The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Consolidated Statement of Profit and Loss (including other comprehensive income).

Impairment of financial assets

Overview of the Expected Credit Loss (ECL) principle

The Group records allowance for ECL 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.

Loans:

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 Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. 12-month ECL are portion of the life-time ECL 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 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.



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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 Group 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 Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Assets upto 30 days of principal / interest overdue.
- Stage 2 - (a) Assets with principal / interest past due between 30 to 90 days (b) Loans that have not necessarily crossed the 30 DPD threshold but meet the Group's defined internal parameters for Significant Increase in Credit Risk (SICR).
- Stage 3 - Non-performing assets (credit impaired assets) with principal /interest past due more than 90 days and cases where frauds have been identified. Loan accounts where principal and/or interest are past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

The Financial assets for which the Group 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.

Significant Increase in Credit Risk:

Accounts which are in 31 - 90 days overdue bucket are considered as accounts where there has been a significant increase in credit risk (SICR) since initial recognition but are not credit-impaired.

This definition of Staging is subject to SICR criteria developed, in which case the accounts which meet the SICR criteria are classified as Stage II even though they have not breached the backstop indicator conditions (i.e. 0-30 overdue).

- A. Restructured Asset (COVID-19 Restructuring): The Group has reclassified covid restructured loans under One Time Restructuring 1.0 and 2.0 by downgrading loans in 0-30 days overdue to "Stage II". Loans which are already in Stage II shall not be further reclassified.
- B. Restructured Asset other than COVID-19 Restructuring: If any case is classified as restructured other than covid restructuring, then the account is downgraded to Stage III.

Other financial assets:

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the Consolidated Balance Sheet.

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 115, the Group always measures the loss allowance at an amount equal to lifetime ECL. Further, for the purpose of measuring lifetime ECL allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109.

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

Write-off

Loans are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group 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 Group continue to apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment reversals.

3.13 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group 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.



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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 Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of our 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 Group's own equity instruments.

Transaction costs incurred in relation to an equity transaction are deducted from equity, net of associated income tax, if any.

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 Group, and commitments issued by the Group 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 Group 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 Group 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 EIR method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The EIR method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR 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 Group derecognises financial liabilities when, and only when, the Group'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 Consolidated Statement of Profit or Loss.

3.14 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by aggregate of weighted average number of equity shares outstanding during the year and weighted average number of compulsorily convertible instruments during the year .

For the purpose of calculating diluted earnings per share, the net profit or loss 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.

3.15 Critical accounting judgements and key sources of estimation uncertainties

(a) Preparation of Financial Statements

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 Consolidated 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. Accounting estimates and judgements are used in various line items in the Consolidated Financial Statements for e.g.:

- Business model assessment (Refer note no. 3.12 and 7)
- Derecognition of financial assets (Refer note no. 3.12)
- Fair value of financial instruments (Refer note no. 40.4)
- Impairment of financial assets (Refer note no. 3.12 and 7)
- Provisions and contingent liabilities (Refer note no. 3.8 and 30)
- Provision for tax expenses (Refer note no. 3.6 and 10)
- Effective interest rate (Refer note no. 3.2, 3.4, 22 and 25)
- Short term and long term employee benefit (Refer note no. 3.5, 18, 27 and 36)

(b) Accounting Standards (Amendment to Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. MCA notified followings amendments

1. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The amendment provides guidance on when a currency is exchangeable into another currency and how to determine the exchange rate when it is not. The Group has evaluated this and determined there is no significant impact on its financial statements.
2. Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. Specifically, the amendment removes the previous "carve-out" regarding covenant breaches. For a liability to be classified as non-current, any right to defer settlement for at least 12 months must have substance and be based on compliance with conditions (covenants) on or before the reporting date. The Group has no impact of these amendments in its classification criteria of current and non-current liabilities.
3. Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – These amendments require detailed disclosures regarding the nature, carrying amounts, and liquidity risk concentrations of supplier finance arrangements. As the Group primarily operates as a lending institution and does not utilize such arrangements for its own payables, there is no significant impact.
4. Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. This relief is immediate and applies retrospectively. This does not have any impact on the Group's financial statements.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

4. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	1.46	2.28
Balances with banks:		
- In Current Accounts	68,813.67	75,019.47
- In Fixed deposit (with original maturity of 3 months or less)	1,56,885.77	43,490.76
Cheques on hand	5.29	11.63
Total*	2,25,706.19	1,18,524.14

* Encumbered: Nil (March 31, 2025: Nil)

5. Bank balances other than cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed deposits (with original maturity of more than 3 months)		
Encumbered (Refer note 5.1)	1,524.05	2,251.70
Unencumbered	54,360.27	6,266.40
Total	55,884.32	8,518.10

5.1 Encumbrances on fixed deposits held by the Group

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed deposits pledged for:		
Availing credit enhancement towards securitisation transactions	1,048.44	2,250.52
Bank overdrafts	1.27	1.18
Availing credit lines	474.34	
Total	1,524.05	2,251.70

6. Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured; considered good	4,524.66	2,175.31
Unsecured; which has significant increase in credit risk	7.48	-
Total	4,532.14	2,175.31
Impairment loss allowance	7.48	-
Net receivables	4,524.66	2,175.31

- No trade or other receivable is due from directors or other officer of the Group either severally or jointly with any other person. Nor any trade or other receivable is due from firm including limited liability partnerships or private companies respectively in which any director is a partner or director or a member.
- The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars As at March 31, 2026	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due	Less than 6 months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed – considered good	1,624.64	1,507.39	1,379.91	12.72	-	-	-	4,524.66
Disputed – considered good	-	-	-	-	-	-	-	-
Undisputed – which have significant increase in credit risk	-	-	-	-	7.28	0.20	-	7.48
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	1,624.64	1,507.39	1,379.91	12.72	7.28	0.20	-	4,532.14
Less: Impairment loss allowance	-	-	-	-	7.28	0.20	-	7.48
Total	1,624.64	1,507.39	1,379.91	12.72	-	-	-	4,524.66

(₹ in Lakhs)

Particulars As at March 31, 2025	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due	Less than 6 months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	
Disputed – considered good	1,173.90	364.71	609.13	27.37	0.20	-	-	2,175.31
Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	1,173.90	364.71	609.13	27.37	0.20	-	-	2,175.31
Less: Impairment loss allowance	-	-	-	-	-	-	-	-
Total	1,173.90	364.71	609.13	27.37	0.20	-	-	2,175.31



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

7. Loans

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost		
Loans given in India to other than public sector		
Term loans*	20,85,425.61	17,43,334.72
Total – Gross (A)	20,85,425.61	17,43,334.72
Less: Impairment loss allowance (refer note 26)	25,697.40	17,046.58
Total – Net (A)	20,59,728.21	17,26,288.14
(a) Secured by tangible assets	3,60,692.30	2,98,355.59
(b) Secured by lien over balance in bank accounts of the borrower, fixed deposits, government guarantee etc.**	1,07,292.80	1,26,498.08
(c) Unsecured	16,17,440.51	13,18,481.05
Total – Gross (B)	20,85,425.61	17,43,334.72
Less: Impairment loss allowance	25,697.40	17,046.58
Total – Net (B)	20,59,728.21	17,26,288.14
(I) Loans in India		
Public Sector	-	-
Others	20,85,425.61	17,43,334.72
Total - Gross (C)	20,85,425.61	17,43,334.72
Less: Impairment loss allowance	25,697.40	17,046.58
Total - Net (C)	20,59,728.21	17,26,288.14
(II) Loans outside India	-	-
Total (C)	20,59,728.21	17,26,288.14

* Loans includes excess interest spread on loans derecognised through direct assignment and co lending arrangements amounting to ₹ 14,277.68 lakhs as at March 31, 2025.

** Includes loans temporarily secured by lien over balance in bank accounts of the borrower until their stated utilisation. The total amount of such lien is ₹ 92,399.46 lakh and ₹116,577.84 lakhs as at March 31, 2026 and March 31, 2025 respectively.

7.1 The business model of the Group is to hold the assets for generating contractual cash flows on account of principal and interest and hence these are held at amortised cost. The Group has established internal thresholds to monitor sales, as these thresholds have not been breached during financial year ended March 31, 2026 and financial year ended March 31, 2025, there has been no change to the underlying business model.

7.2 The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Category	Gross Carrying Amount	As at March 31, 2026	
		Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	20,55,107.65	13,787.29	20,41,320.36
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	22,820.64	5,635.85	17,184.79
Stage 3 - Credit impaired assets	7,497.32	6,274.26	1,223.06
Total	20,85,425.61	25,697.40	20,59,728.21

(₹ in Lakhs)

Category	Gross Carrying Amount	As at March 31, 2026	
		Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	17,27,516.50	10,329.57	17,17,186.93
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	11,366.82	2,947.23	8,419.59
Stage 3 - Credit impaired assets	4,451.40	3,769.78	681.62
Total	17,43,334.72	17,046.58	17,26,288.14

An analysis of changes in the gross carrying of loans:

(₹ in Lakhs)

For the year ended March 31, 2026	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	17,27,516.50	11,366.82	4,451.40	17,43,334.72
Transfer during the period				
Transfers to Stage 1	2,006.02	(1,984.09)	(21.93)	-
Transfers to Stage 2	(22,044.19)	22,647.22	(603.03)	-
Transfers to Stage 3	(6,541.04)	(2,175.67)	8,716.71	-
New credit exposure during the period and net of repayments	3,54,170.36	(7,033.64)	(1,395.89)	3,45,740.83
Amounts written off (net of recovery)	-	-	(3,649.94)	(3,649.94)
Gross carrying amount closing balance*	20,55,107.65	22,820.64	7,497.32	20,85,425.61



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	12,34,759.86	12,002.17	5,323.47	12,52,085.50
Transfer during the year				
Transfers to Stage 1	1,554.73	(984.82)	(569.91)	-
Transfers to Stage 2	(4,491.44)	4,711.53	(220.09)	-
Transfers to Stage 3	(3,049.03)	(1,155.94)	4,204.97	-
New credit exposure during the period and net of repayments	4,98,742.38	(3,206.12)	(2,138.81)	4,93,397.45
Amounts written off (net of recovery)	-	-	(2,148.23)	(2,148.23)
Gross carrying amount closing balance*	17,27,516.50	11,366.82	4,451.40	17,43,334.72

An analysis of changes in impairment loss of loans:

(₹ in Lakhs)

For the year ended March 31, 2026	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	10,329.57	2,947.23	3,769.78	17,046.58
Transfer during the period				
Transfers to Stage 1	412.32	(397.21)	(15.11)	-
Transfers to Stage 2	(457.05)	941.65	(484.60)	-
Transfers to Stage 3	(1,933.60)	(1,117.33)	3,050.93	-
New credit exposure during the period and net of repayments	5,436.05	3,261.51	3,603.20	12,300.76
Amounts written off (net of recovery)	-	-	(3,649.94)	(3,649.94)
ECL allowance - closing balance#	13,787.29	5,635.85	6,274.26	25,697.40

(₹ in Lakhs)

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	5,829.33	2,863.35	3,710.77	12,403.45
Transfer during the year				
Transfers to Stage 1	66.01	(63.07)	(2.94)	-
Transfers to Stage 2	(1,558.12)	1,587.75	(29.63)	-
Transfers to Stage 3	(2,647.62)	(1,028.09)	3,675.71	-
New credit exposure during the period and net of repayments	8,639.97	(412.71)	(1,435.90)	6,791.36
Amounts written off (net of recovery)	-	-	(2,148.23)	(2,148.23)
ECL allowance - closing balance#	10,329.57	2,947.23	3,769.78	17,046.58

The ECL includes an amount of ₹ 424.32 lakhs and ₹ 235.76 lakhs on partially disbursed loans of ₹ 99,108.53 lakhs and ₹ 1,01,862.05 lakhs as at March 31, 2026 and as at March 31, 2025 respectively.

7.3 There are no loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment (March 31, 2025: Nil).



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

8. Investments

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost		
- Government securities (refer note 8.1 and 8.2)	66,796.17	-
- Treasury Bills (refer note 8.2)	9,911.41	24,373.52
- Certificate of Deposits (refer note 8.2)	9,841.00	-
	86,548.58	24,373.52
Total Gross (A)	86,548.58	24,373.52
Less: Allowance for impairment loss (B)	-	-
Total Net C (A-B)	86,548.58	24,373.52
i) Investments in India	86,548.58	24,373.52
ii) Investments outside India	-	-
Total (D)	86,548.58	24,373.52

Note 8.1:

The Group has pledged Government Securities of ₹ 55,381.60 lakhs as collateral for Treasury Bills Repurchase - Borrowings.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Note 8.2:

(₹ in Lakhs)

Name of instrument	As at March 31, 2026		As at March 31, 2025	
	No of units	Amount	No of units	Amount
Government securities				
07.59 GS 2029 - 20-03-2029	25,00,000	2,611.64	-	-
07.10 GS 2029 - 18-04-2029	37,500	39.80	-	-
07.04 GS 2029 - 03-06-2029	20,00,000	2,102.46	-	-
06.79 GS 2029 - 26-12-2029	50,000	51.86	-	-
07.88 GS 2030 - 19-03-2030	1,00,000	105.55	-	-
07.17 GS 2030 - 17-04-2030	12,20,000	1,296.58	-	-
05.79 GS 2030 - 11-05-2030	94,900	94.89	-	-
07.32 GS 2030 - 13-11-2030	25,00,000	2,664.44	-	-
06.50 GS16DEC2030C - 16-12-2030	57,000	42.98	-	-
07.02 GS 2031 - 18-06-2031	15,01,000	1,566.13	-	-
06.10 GS 2031 - 12-07-2031	10,00,000	995.61	-	-
06.54 GS 2032 - 17-01-2032	15,20,000	1,539.27	-	-
08.28 GS 2032 - 15-02-2032	69,000	75.22	-	-
06.28 GS 2032 - 14-07-2032	40,55,000	4,046.20	-	-
07.26 GS 2032 - 22-08-2032	65,00,000	6,770.24	-	-
07.95 GS 2032 - 28-08-2032	50,000	54.00	-	-
08.33 GS 2032 - 21-09-2032	45,00,000	4,914.88	-	-
07.29 GOI SGRB 2033 - 27-01-2033	50,00,000	5,244.25	-	-
07.26 GS 2033 - 06-02-2033	99,00,000	10,330.50	-	-
07.18 GS 2033 - 14-08-2033	67,00,000	6,958.97	-	-
06.82 GOI FRB 2033 - 22-09-2033	5,00,000	517.47	-	-
08.24 GS 2033 - 10-11-2033	20,19,900	2,275.52	-	-
06.57 GS 2033 - 05-12-2033	4,00,000	405.12	-	-
07.10 GS 2034 - 08-04-2034	25,00,000	2,648.90	-	-
07.50 GS 2034 - 10-08-2034	10,10,000	1,073.85	-	-
06.19 GS 2034 - 16-09-2034	40,00,000	3,871.72	-	-
06.79 GS 2034 - 07-10-2034	10,20,000	1,056.33	-	-
06.79 GOI SGRB 2034 - 02-12-2034	53,800	55.11	-	-
06.33 GS 2035 - 05-05-2035	25,000	25.02	-	-
06.64 GS 2035 - 16-06-2035	30,00,000	3,042.50	-	-
06.48 GS 2035 - 06-10-2035	3,14,000	319.16	-	-
	6,41,97,100	66,796.17	-	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Name of instrument	As at March 31, 2026		As at March 31, 2025	
	No of units	Amount	No of units	Amount
Treasury Bill				
182 DTB 18-12-2025 - 5.35%	5,00,000	498.91	-	-
364 DTB 03-07-2025 - 5.38%	85,00,000	8,438.16	-	-
364 DTB 10-07-2025 - 5.48%	10,00,000	974.34	-	-
364 DTB 03-04-2025 - 6.40%	-	-	50,00,000	4,997.22
182 DTB 24-04-2025 - 6.57%	-	-	20,00,000	1,991.68
182 DTB 24-04-2025 - 6.59%	-	-	10,00,000	995.99
364 DTB 24-04-2025 - 6.57%	-	-	50,00,000	4,980.02
182 DTB 08-05-2025 - 6.38%	-	-	15,00,000	1,490.55
182 DTB 15-05-2025 - 6.62%	-	-	65,00,000	6,449.15
182 DTB 15-05-2025 - 6.38%	-	-	15,00,000	1,488.77
182 DTB 29-05-2025 - 6.43%	-	-	20,00,000	1,980.14
	1,00,00,000	9,911.41	2,45,00,000	24,373.52

Certificate of Deposits

CD 17-06-2026 - 7.25%	50,00,000	4,924.78	-	-
CD 24-06-2026 - 7.50%	50,00,000	4,916.22	-	-
	1,00,00,000	9,841.00	-	-
Total	8,41,97,100	86,548.58	2,45,00,000	24,373.52

9. Others financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
Security deposits		1,688.93		1,512.30
Other advances (net of provision of ₹ 63.59 lakhs, March 31, 2025: Nil)		977.91		498.90
Interest only strip asset (net of provision of ₹ 86.16 lakhs)		21,452.92		-
Total		24,119.76		2,011.20



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

10A. Current tax assets (net)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance tax and tax deducted at source (Net of provision for tax ₹ 34,857.88 lakhs, March 31, 2025: ₹ 34,857.88 lakhs)	953.10	415.64
Total	953.10	415.64

Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for current tax (Net of advance tax of ₹ 18,733.65 lakhs)	880.12	-
Total	880.12	-

10B. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	As at April 1, 2025	Credit/(charge) to profit and loss	Credit/(charge) to OCI	As at March 31, 2026
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	359.27	263.82	-	623.09
- Provision for employee benefits	175.23	143.05	10.21	328.49
- ECL allowance on financial instruments	4,272.87	1,533.95	-	5,806.82
- Losses to be carry forwarded to future years	44.65	(26.08)	-	18.57
Deferred Tax Assets (A)	4,852.02	1,914.74	10.21	6,776.97
Tax effect of items constituting deferred liabilities:				
- Cash flow hedge reserve	(1,882.41)	-	2,336.94	454.53
- Measurement of financial instruments at amortised cost	4,998.91	2,948.83	-	7,947.74
Deferred Tax Liabilities (B)	3,116.50	2,948.83	2,336.94	8,402.27
Deferred tax assets/(liabilities) Net (A-B)	1,735.52	(1,034.09)	(2,326.73)	(1,625.30)



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	As at April 1, 2024	Credit/(charge) to profit and loss	Credit/(charge) to OCI	As at March 31, 2025
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	206.41	152.86	-	359.27
- Provision for employee benefits	76.13	76.81	22.29	175.23
- ECL allowance on financial instruments	2,983.10	1,289.77	-	4,272.87
- Cash flow hedge reserve	333.78	-	1,548.63	1,882.41
- Losses to be carry forwarded to future years	5.88	38.77	-	44.65
Deferred Tax Assets (A)	3,605.30	1,558.21	1,570.92	6,734.43
Tax effect of items constituting deferred liabilities:				
- Measurement of financial instruments at amortised cost	2,657.61	2,341.30	-	4,998.91
Deferred Tax Liabilities (B)	2,657.61	2,341.30	-	4,998.91
Deferred tax assets/(liabilities) Net (A-B)	947.69	(783.09)	1,570.92	1,735.52

Income tax recognised in Statement of profit and loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) Current tax:		
In respect of current year	19,613.77	16,218.63
In respect of prior year	-	-
	19,613.77	16,218.63
b) Deferred tax		
In respect of current year origination and reversal of temporary differences	1,034.09	783.09
In respect of prior year	-	-
	1,034.09	783.09
Total Income tax recognised in Statement of profit and loss	20,647.86	17,001.72



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Income tax recognised in other comprehensive income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Deferred tax related to items recognised in other comprehensive income during the year		
Remeasurement of defined employee benefits	10.21	22.29
Cash flow hedge reserve	(2,336.94)	1,548.63
Total Income tax recognised in other comprehensive income	(2,326.73)	1,570.92

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit before tax	80,334.35	67,214.02
Applicable tax rate (%) (As per the Income Tax Act, 1961)	25.168%	25.168%
Expected income tax expense	20,218.55	16,916.42
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax on expenditure not considered for tax provision (net of allowance)	429.31	85.30
Income tax expense recognised in profit and loss	20,647.86	17,001.72
Effective tax rate	25.70%	25.29%



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

11 Property, Plant and Equipment

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses			Net Block	
	As at April 1, 2025	Additions for the year	Deletions for the year	As at March 31, 2026	As at April 1, 2025	Charge for the year	Deletions for the year	As at March 31, 2026	As at March 31, 2026
Property, Plant and Equipment									
Owned assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	1,172.05	171.32	190.01	1,153.36	437.35	258.79	191.97	504.17	649.19
Computers	1,381.32	123.72	356.32	1,148.72	928.40	281.49	355.48	854.41	294.31
Office equipment	781.55	121.38	121.47	781.46	284.96	149.23	105.46	328.73	452.73
Furniture and fixtures	205.02	42.07	10.67	236.42	38.36	60.08	8.25	90.19	146.23
Vehicle	3,637.34	494.94	352.05	3,780.23	1,240.31	917.20	261.83	1,895.68	1,884.55
Total	7,189.73	953.43	1,030.52	7,112.64	2,929.38	1,666.79	922.99	3,673.18	3,439.46
Leased Assets									
Right of use assets - Premises	6,704.81	691.59	66.31	7,330.09	2,813.88	1,255.18	-	4,069.06	3,261.03
Intangible Assets									
Computer software	6,845.18	857.33	-	7,702.51	4,492.41	1,320.40	-	5,812.81	1,889.70
Capital work in progress	-	-	-	-	-	-	-	-	-
Intangible assets under development	126.48	1,333.97	847.78	612.67	-	-	-	-	612.67



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses			Net Block	
	As at April 1, 2024	Additions for the year	Deletions for the year	As at March 31, 2025	As at April 1, 2024	Charge for the year	Deletions for the year	As at March 31, 2025	As at March 31, 2025
Property, Plant and Equipment									
Owned assets:									
Freehold land #	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	522.29	791.80	142.04	1,172.05	441.17	164.51	168.33	437.35	734.70
Computers	1,284.06	312.86	215.60	1,381.32	856.86	287.23	215.69	928.40	452.92
Office equipment	615.28	480.63	314.36	781.55	431.56	140.90	287.50	284.96	496.59
Furniture and fixtures	111.95	191.31	98.24	205.02	86.79	33.18	81.61	38.36	166.66
Vehicle	2,155.41	1,548.95	67.02	3,637.34	553.66	718.77	32.12	1,240.31	2,397.03
Total	4,701.44	3,325.55	837.26	7,189.73	2,370.04	1,344.59	785.25	2,929.38	4,260.35
Leased Assets									
Right of use assets - Premises	6,118.41	586.40	-	6,704.81	1,716.82	1,097.06	-	2,813.88	3,890.93
Intangible Assets									
Computer software	4,737.30	2,159.80	51.92	6,845.18	3,385.52	1,148.60	41.71	4,492.41	2,352.77
Capital work in progress	886.70	-	886.70	-	-	-	-	-	-
Intangible assets under development	1,128.94	1,044.52	2,046.98	126.48	-	-	-	-	126.48

The Group has mortgaged one of its freehold land in Chennai on exclusive charge against specific secured non convertible debentures at March 31, 2025.

Capital work in progress ageing schedule

(₹ in Lakhs)

Capital work in progress	As at March 31, 2026				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Capital work in progress	As at March 31, 2025				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Intangible assets under development ageing schedule

(₹ in Lakhs)

Intangible assets under development	As at March 31, 2026				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	612.67	-	-	-	612.67
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development	As at March 31, 2025				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Projects in progress	126.48	-	-	-	126.48
Projects temporarily suspended	-	-	-	-	-

Note:

- 1) The Group does not have any project temporary suspended and intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence intangible asset under development completion schedule is not applicable.
- 2) There is no immovable property where title deed of such immovable property is not held in name of the Group or jointly held with others.
- 3) The Group has not revalued its Property, Plant and Equipment (including Right-of-Use Assets and Intangible assets).

12. Other non-financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Prepaid expenses (Refer note 44)	1,304.28	3,484.99
Balances with Government authorities	716.76	355.66
Capital Advances	26.27	292.67
Other advances*	261.64	146.35
Total	2,308.95	4,279.67

*Includes advances given to vendors and employees.

13. Trade & Other payables

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	56.29	1.15
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11,159.87	8,535.74
Other Payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro and small enterprises	22.88	28.85
Total	11,239.04	8,565.74

The amounts due to micro enterprises 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 Group. This has been relied upon by the auditors.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Disclosure pertaining to micro enterprises and small enterprises as at March 31, 2026 are as under :

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting period	55.74	1.15
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-
(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 period	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting period	0.55	-
(vi) The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid	-	-
Total	56.29	1.15

(₹ in Lakhs)

Particulars As at March 31, 2026	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of micro enterprises and small enterprises	15.10	-	40.10	1.09	-	-	56.29
Outstanding dues of creditors other than micro and small enterprises	10,547.75	-	610.61	0.05	0.26	1.20	11,159.87
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	10,562.85	-	650.71	1.14	0.26	1.20	11,216.16

AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars As at March 31, 2025	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of creditors other than micro and small enterprises	8,518.38	-	13.86	2.33	1.17	-	8,535.74
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	8,518.38	-	15.01	2.33	1.17	-	8,536.89

14. Debt securities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Non-convertible debentures (refer note 14.1, 14.2, 14.3 and 14.4)	2,94,043.14	3,57,717.51
Unsecured		
Commercial Papers (refer note 14.5)	13,803.53	14,242.19
Total	3,07,846.67	3,71,959.70
Debt Securities in India	3,07,846.67	3,71,959.70
Debt Securities outside India	-	-
Total	3,07,846.67	3,71,959.70

14.1 All the secured non-convertible debentures (NCD) of the Group including those issued during the year ended March 31, 2026 are fully secured by hypothecation of book debts/loan receivables. The Group has, at all times, for the secured NCDs, maintained adequate asset cover as stated in the respective information memorandum towards the principal amount, interest accrued thereon, and such other sums as mentioned therein.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

14.2 Details of Non-Convertible Debentures (NCD) (Secured)

(₹ in Lakhs)

Particulars	Maturity Date	Rate of Interest	As at March 31, 2026
INE087P07337	29-05-2026	9.52%	50,000.00
INE087P07311	29-06-2026	9.65%	7,500.00
INE087P07329	29-06-2026	9.52%	5,000.00
INE087P07345	08-07-2026	9.40%	15,500.00
INE087P07360	08-09-2026	9.40%	10,000.00
INE087P07428	16-04-2027	9.40%	7,500.00
INE087P07451	30-04-2027	9.60%	22,500.00
INE087P07485	10-09-2027	8.90%	7,500.00
INE087P07402	27-09-2027	9.40%	50,000.00
INE087P07410	07-10-2027	9.40%	35,000.00
INE087P07444	22-10-2027	9.40%	25,000.00
INE087P07469	29-10-2027	9.40%	30,000.00
INE087P07477	24-07-2028	9.00%	7,500.00
INE087P07352	28-07-2028	9.40%	2,500.00
INE087P07436	16-10-2028	9.56%	10,000.00
			2,85,500.00
Interest accrued but not due			9,079.05
Impact of effective interest rate			(535.91)
			2,94,043.14



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	Maturity Date	Rate of Interest	As at March 31, 2025
INE087P07287	04-04-2025	9.25%	25,000.00
INE087P07386	07-05-2025	9.30%	20,000.00
INE087P07022	31-07-2025	10.10%	2,500.00
INE087P07048	07-08-2025	10.10%	1,500.00
INE087P07394	17-11-2025	8.91%	15,000.00
INE087P07378	28-11-2025	9.35%	7,500.00
INE087P07303	01-02-2026	9.00%	9.00
INE087P07337	29-05-2026	9.52%	50,000.00
INE087P07311	29-06-2026	9.65%	7,500.00
INE087P07329	29-06-2026	9.52%	5,000.00
INE087P07345	08-07-2026	9.40%	15,500.00
INE087P07360	08-09-2026	9.40%	10,000.00
INE087P07428	16-04-2027	9.40%	7,500.00
INE087P07451	30-04-2027	9.60%	22,500.00
INE087P07402	27-09-2027	9.40%	50,000.00
INE087P07410	07-10-2027	9.40%	35,000.00
INE087P07444	22-10-2027	9.40%	25,000.00
INE087P07469	29-10-2027	9.40%	30,000.00
INE087P07352	28-07-2028	9.40%	2,500.00
INE087P07436	16-10-2028	9.56%	10,000.00
			3,42,009.00
Interest accrued but not due			16,577.21
Impact of effective interest rate			(868.70)
			3,57,717.51



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

14.3 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2026

(₹ in Lakhs)

Original maturity of Non-Convertible Debentures (Secured)	Residual maturity of Non-Convertible Debentures (Secured)				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
Redeemable at par and at maturity					
Up to 2 years	-	-	-	-	-
Over 2 to 3 years	65,500.00	1,77,500.00	7,500.00	-	2,50,500.00
Over 3 to 4 years	22,500.00	-	10,000.00	-	32,500.00
Over 4 years	-	-	2,500.00	-	2,500.00
Total at face value	88,000.00	1,77,500.00	20,000.00	-	2,85,500.00
Interest accrued but not due					9,079.05
Impact of effective interest rate					(535.91)
Total amortised cost					2,94,043.14

- Interest rate ranges from 8.90% to 9.65% p.a. as at March 31, 2026.

14.4 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of Non-Convertible Debentures (Secured)	Residual maturity of Non-Convertible Debentures (Secured)				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
Redeemable at par and at maturity					
Up to 2 years	34,900.00	-	-	-	34,900.00
Over 2 to 3 years	32,609.00	65,500.00	1,70,000.00	-	2,68,109.00
Over 3 to 4 years	-	22,500.00	-	10,000.00	32,500.00
Over 4 years	4,000.00	-	-	2,500.00	6,500.00
Total at face value	71,509.00	88,000.00	1,70,000.00	12,500.00	3,42,009.00
Interest accrued but not due					16,577.21
Impact of effective interest rate					(868.70)
Total amortised cost					3,57,717.51

- Interest rate ranges from 8.91% to 10.10% p.a. as at March 31, 2025.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

14.5 Terms of repayment of commercial papers

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Redeemable at par with original maturity up to 1 year		
- Due within 1 year (amount at face value)	14,000.00	15,000.00
Unamortised cost	(196.08)	(757.81)
Unamortised fee on CP	(0.39)	-
Total amortised cost	13,803.53	14,242.19

- Interest rate ranges from 8.20% to 8.65% p.a. as at March 31, 2026 and interest rate ranges from 9.15% to 9.25% p.a. as at March 31, 2025.

15. Borrowings (Other than debt securities)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost (within India)		
Secured		
Term loans from banks (includes foreign currency loans) (refer note 15.1, 15.2 and 15.3)	9,35,866.65	8,08,399.64
Term loans from financial institutions (refer note 15.1, 15.4 and 15.5)	80,729.59	21,858.60
Cash credit from banks (refer note 15.1 and 15.8)	-	1,519.78
Overdraft from Banks	-	-
Treasury Bills Repurchase - Borrowings* (refer note 15.6)	21,081.57	-
Working Capital Demand (refer note 15.1 and 15.7)	5,000.00	-
Securitisation liabilities (refer note 15.1, 15.9 and 15.10)	3,117.58	6,849.12
Total (A)	10,45,795.39	8,38,627.14
At amortised cost (outside India)		
Secured		
External commercial borrowing (ECB) (refer note 15.1, 15.11 and 15.12)	4,97,908.26	2,31,714.73
Total (B)	4,97,908.26	2,31,714.73
Total (C) = (A) + (B)	15,43,703.65	10,70,341.87

* Secured against pledge of Government securities

15.1 Term loans from banks and financial institutions, cash credit from banks and ECBs of the Group, including those borrowed during the year ended March 31, 2026 are fully secured by hypothecation of book debts/loan receivables and other current assets (including investments). Securitisation borrowings of the Group are secured against specific pool of receivables for each Special Purpose Vehicle and credit enhancement.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.2 Details of term loans from banks (Secured) as at March 31, 2026

(₹ in Lakhs)

Original maturity of term loans from banks (Secured)	Residual maturity of term loans from banks (Secured)								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable in monthly instalments										
Up to 2 years	12	2,500.00	3	625.00	-	-	-	-	15	3,125.00
Over 2 to 3 years	2	606.06	-	-	-	-	-	-	2	606.06
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	204	30,795.95	172	24,820.95	115	14,558.24	72	8,010.00	563	78,185.14
Repayable in quarterly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	24	39,083.21	21	37,029.76	13	20,013.09	-	-	58	96,126.06
Over 3 to 4 years	65	31,002.75	46	21,597.01	21	11,742.85	3	1,438.33	135	65,780.94
Over 4 years	268	1,84,659.56	211	1,55,305.74	170	1,47,867.61	197	1,83,683.49	846	6,71,516.40
Repayable in half yearly instalments										
Up to 2 years	1	5,000.00	-	-	-	-	-	-	1	5,000.00
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable on maturity										
Up to 2 years	1	10,000.00	-	-	-	-	-	-	1	10,000.00
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		3,03,647.53		2,39,378.46		1,94,181.79		1,93,131.82		9,30,339.60
Interest accrued but not due										1,795.39
Impact of effective interest rate										(4,494.39)
Fair Value Impact										8,226.05
Total amortised cost										9,35,866.65

- Interest rate ranges from 7.50% to 10.15% p.a. as at March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.3 Details of term loans from banks (Secured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of term loans from banks (Secured)	Residual maturity of term loans from banks (Secured)								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable in monthly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	12	3,636.36	2	606.44	-	-	-	-	14	4,242.80
Over 3 to 4 years	3	281.25	-	-	-	-	-	-	3	281.25
Over 4 years	180	27,116.95	158	25,541.95	123	19,166.95	68	9,622.70	529	81,448.55
Repayable in quarterly instalments										
Up to 2 years	4	5,000.00	3	3,742.80	-	-	-	-	7	8,742.80
Over 2 to 3 years	23	34,970.00	18	33,136.67	9	27,205.81	2	11,120.00	52	1,06,432.48
Over 3 to 4 years	65	29,998.81	56	26,246.63	36	16,567.89	9	5,694.90	166	78,508.23
Over 4 years	235	1,35,675.08	217	1,33,545.02	164	1,07,291.17	159	1,40,958.77	775	5,17,470.04
Repayable in half yearly instalments										
Up to 2 years	2	10,000.00	1	4,999.95	-	-	-	-	3	14,999.95
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		2,46,678.45		2,27,819.46		1,70,231.82		1,67,396.37		8,12,126.10
Interest accrued but not due										695.39
Impact of effective interest rate										(4,421.85)
Total amortised cost										8,08,399.64

- Interest rate ranges from 8.76% to 10.80% p.a. as at March 31, 2025.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.4 Details of term loans from financial institutions as at March 31, 2026

(₹ in Lakhs)

Original maturity of term loans from financial institutions	Residual maturity of term loans from financial institutions								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable in monthly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	45	5,357.14	30	3,571.43	9	1,071.43	-	-	84	10,000.00
Over 4 years	12	1,128.23	11	1,130.88	13	1,467.82	12	1,494.03	48	5,220.96
Repayable in quarterly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	7	12,100.00	7	10,300.00	9	15,300.00	16	26,300.00	39	64,000.00
Repayable in yearly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	2	1,500.00	-	-	-	-	-	-	2	1,500.00
Total face value		20,085.37		15,002.31		17,839.25		27,794.03		80,720.96
Interest accrued but not due										60.63
Impact of effective interest rate										(52.00)
Total amortised cost										80,729.59

- Interest rate ranges from 8.83% to 9.50% p.a. as at March 31, 2026.

AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.5 Details of term loans from financial institutions as at March 31, 2025

(₹ in Lakhs)

Original maturity of term loans from financial institutions	Residual maturity of term loans from financial institutions								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total number of instalments	Amount
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount		
Repayable in monthly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	66	6,715.16	33	3,928.57	18	2,143.86	-	-	117	12,787.59
Over 4 years	9	779.05	12	1,128.23	12	1,238.18	24	2,854.54	57	6,000.00
Repayable in yearly instalments										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	1	800.00	3	2,200.02	-	-	-	-	4	3,000.02
Total face value		8,294.21		7,256.82		3,382.04		2,854.54		21,787.61
Interest accrued but not due										84.39
Impact of effective interest rate										(13.40)
Total amortised cost										21,858.60

- Interest rate ranges from 9.40% to 10.40% p.a. as at March 31, 2025.

15.6 Details of Treasury Bills Repurchase - Borrowings as at March 31, 2026

(₹ in Lakhs)

Original maturity of term loans from treasury bills repurchase - borrowings	Residual maturity of term loans from treasury bills repurchase - borrowings								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total number of instalments	Amount
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount		
Redeemable at par and at maturity										
Up to 2 years	1	21,074.71	-	-	-	-	-	-	1	21,074.71
Total face value		21,074.71								21,074.71
Interest accrued but not due										6.86
Total amortised cost										21,081.57

- Interest rate ranges from 5.80% to 5.99% p.a. as at March 31, 2026.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.7 Details of Working Capital Demand as at March 31, 2026

(₹ in Lakhs)

Original maturity of term loans from working capital demand	Residual maturity of term loans from working capital demand								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Redeemable at par and at maturity										
Up to 2 years	1	5,000.00	-	-	-	-	-	-	1	5,000.00
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		5,000.00								5,000.00

- Interest rate ranges from 8.30% to 8.30% p.a. as at March 31, 2026.

15.8 Details of cash credit from banks as at March 31, 2025

(₹ in Lakhs)

Original maturity of term loans of cash credit	Residual maturity of term loans of cash credit								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable on yearly										
Up to 2 years	1	1,519.78	-	-	-	-	-	-	1	1,519.78
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-	-	-
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total amortised cost		1,519.78								1,519.78

- Interest rate ranges from 9.50% to 9.60% p.a. as at March 31, 2025.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.9 Details of securitisation liabilities as at March 31, 2026

(₹ in Lakhs)

Original maturity of securitisation liabilities	Due within 1 year		Residual maturity of securitisation liabilities				Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable monthly								
Up to 2 years	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-
Over 4 years	24	1,379.38	18	952.41	12	559.61	6	215.78
							60	3,107.18
Repayable on maturity								
Over 4 years	-	-	-	-	-	-	-	-
Total Face value		1,379.38		952.41		559.61		215.78
								3,107.18
Interest accrued but not due								10.40
Impact of effective interest rate								-
Total amortised cost								3,117.58

- Interest rate ranges from 8.00% to 9.10% p.a. as at March 31, 2026.

15.10 Details of securitisation liabilities as at March 31, 2025

(₹ in Lakhs)

Original maturity of securitisation liabilities	Due within 1 year		Residual maturity of securitisation liabilities				Total	
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable monthly								
Up to 2 years	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-
Over 4 years	27	2,496.04	24	1,646.56	21	1,403.82	20	900.98
							92	6,447.40
Repayable on maturity								
Up to 2 years	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	-	-	-	-
Over 4 years	2	353.59	-	-	-	-	-	-
							2	353.59
Total face value		2,849.63		1,646.56		1,403.82		900.98
								6,800.99
Interest accrued but not due								50.00
Impact of effective interest rate								(1.87)
Total amortised cost								6,849.12

- Interest rate ranges from 8.00% to 9.65% p.a. as at March 31, 2025



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.11 Details of external commercial borrowings as at March 31, 2026

(₹ in Lakhs)

Original maturity of external commercial borrowings	Residual maturity of external commercial borrowings								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total number of instalments	Amount
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount		
Repayable monthly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	7	29,309.00	2	8,374.00	-	-	9	37,683.00
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable quarterly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	1	4,187.00	4	25,509.00	13	68,700.92	-	-	18	98,396.92
Over 4 years	4	1,635.93	4	1,635.93	4	1,635.93	5	2,044.92	17	6,952.71
Repayable half yearly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	4	28,334.21	10	85,976.66	1	15,096.00	15	1,29,406.87
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable on maturity										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	2	50,788.00	1	10,916.40	-	-	3	61,704.40
Over 3 to 4 years	2	84,510.35	1	33,538.00	-	-	-	-	3	1,18,048.35
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		90,333.28		1,69,114.14		1,75,603.91		17,140.92		4,52,192.25
Interest accrued but not due										3,892.53
Impact of effective interest rate										(3,717.99)
Impact of mark to market										45,541.47
Total amortised cost										4,97,908.26

- Interest rate ranges from 8.20% to 10.04% p.a. as at March 31, 2026.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

15.12 Details of external commercial borrowings as at March 31, 2025

(₹ in Lakhs)

Original maturity of external commercial borrowings	Residual maturity of external commercial borrowings								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years			
	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount	Total number of instalments	Amount
Repayable monthly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	-	-	7	29,309.00	2	8,374.00	9	37,683.00
Over 4 years	-	-	-	-	-	-	-	-	-	-
Repayable quarterly										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	-	-	-	-	-	-
Over 3 to 4 years	-	-	1	4,187.00	2	8,374.00	-	-	3	12,561.00
Over 4 years	4	1,635.93	4	1,635.94	4	1,635.94	9	3,680.87	21	8,588.68
Repayable on maturity										
Up to 2 years	-	-	-	-	-	-	-	-	-	-
Over 2 to 3 years	-	-	-	-	2	50,788.00	-	-	2	50,788.00
Over 3 to 4 years	-	-	2	84,510.35	1	33,538.00	-	-	3	1,18,048.35
Over 4 years	-	-	-	-	-	-	-	-	-	-
Total face value		1,635.93		90,333.29		1,23,644.94		12,054.87		2,27,669.03
Interest accrued but not due										1,924.86
Impact of effective interest rate										(2,429.91)
Impact of mark to market										4,550.75
Total amortised cost										2,31,714.73

- Interest rate ranges from 8.93% to 10.04% p.a. as at March 31, 2025.

15.12 The borrowings have not been guaranteed by directors or others. Also, the Group has not defaulted in repayment of principal/ interest.

15.13 The quarterly returns or statements comprising (book debt statements and other stipulated financial information) filed by the Group with banks and financial institutions are in agreement with the books of account of the Group.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

16. Subordinated liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured		
Non-convertible debentures (refer note 16.1, 16.2 and 16.3)	5,064.22	5,056.51
Total	5,064.22	5,056.51
Subordinated liabilities in India	5,064.22	5,056.51
Subordinated liabilities outside India	-	-
Total	5,064.22	5,056.51

16.1 Details of Non-convertible debentures (Unsecured)

(₹ in Lakhs)

Particulars	Maturity Date	Rate of Interest	As at March 31, 2026	As at March 31, 2025
INE087P08020	30-06-2027	9.50%	2,500.00	2,500.00
INE087P08038	27-12-2027	9.35%	2,500.00	2,500.00
			5,000.00	5,000.00
Interest accrued but not due			77.47	78.75
Impact of effective interest rate			(13.25)	(22.24)
			5,064.22	5,056.51

16.2 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2026

(₹ in Lakhs)

Original maturity of loans	Residual maturity of NCD				Total
	Due within 1 year Amount	Due in 1 to 2 years Amount	Due in 2 to 3 years Amount	Due in more than 3 years Amount	
Repayable on maturity					
Over 4 years	-	5,000	-	-	5,000
Total face value	-	5,000	-	-	5,000
Interest accrued but not due					77.47
Impact of effective interest rate					(13.25)
Total amortised cost					5,064.22

- Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2026.

16.3 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of NCD				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
	Amount	Amount	Amount	Amount	
Repayable on maturity					
Over 4 years	-	-	5,000	-	5,000
Total face value	-	-	5,000	-	5,000
Interest accrued but not due					78.75
Impact of effective interest rate					(22.24)
Total amortised cost					5,056.51

- Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2025.

17. Other financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Employee benefits payable	3,382.75	3,625.16
Advance received from customers	1,578.91	893.28
Margin Money (refer note 17.1)	23,339.31	6,687.43
Book overdraft	1,898.16	214.17
Lease liability (refer note 31)	3,665.51	4,162.76
Amounts payable under Direct assignment & Co-lending arrangement	10,533.04	4,912.90
Others (refer note 17.2)	3,416.11	3,506.67
Total	47,813.79	24,002.37

17.1 Includes Debt Service Recovery Account balance from customers of ₹ 9,260.29 lakhs (March 31, 2025: ₹ 6,687.43 lakhs) and margin money under Credit Support Annex agreements against derivative Mark-to-Market receivable position amounting to ₹ 14,079.01 lakhs (March 31, 2025: Nil).

17.2 Others primarily includes First Loss Default Guarantee/Cash Collateral received from Lending Service Partners, Unidentified receipts and unclaimed refunds.

18. Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
- Gratuity (refer note 36)	910.14	488.95
- Compensated absences	402.93	209.81
Total	1,313.07	698.76



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

19. Other non-financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory dues	1,512.67	1,118.34
Others	87.52	79.76
Total	1,600.19	1,198.10

20 A. Equity share capital

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
AUTHORISED		
300,000,000 Equity Shares of ₹ 5 each	15,000.00	17,500.00
(As at March 31, 2025: 350,000,000 Equity Shares of ₹ 5 each)		
	15,000.00	17,500.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
251,823,232 Equity Shares of ₹ 5 each	12,591.16	12,591.16
(As at March 31, 2025 : 125,911,616 Equity Shares of ₹ 10 each)		
	12,591.16	12,591.16

The Board of Directors of the Group at its meeting held on December 19, 2025, approved to reclassify the authorised share capital of the Group from ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 35,00,00,000 (Thirty Five Crore) equity shares of ₹ 5/- (Rupees Five only) each and 2,50,00,000 (Two Crore Fifty Lakh) preference shares of ₹ 10/- (Rupees Ten only) each to ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 30,00,00,000 (Thirty Crore) equity shares of ₹ 5/- (Rupees Five only) each and 5,00,00,000 (Five Crore) preference shares of ₹ 10/- (Rupees Ten only) each.

The Board of Directors of the Group in its meeting held on April 4, 2024, and Shareholders in the Extraordinary General Meeting held on April 26, 2024, approved the sub-division of equity shares from ₹ 10 per share to ₹ 5 per share.

20 A.1 (a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year

(₹ in Lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	25,18,23,232	12,591.16	12,59,11,616	12,591.16
Shares issued during the year	-	-	-	-
Additional shares issued during the year pursuant to sub-division of equity shares	-	-	12,59,11,616	-
Shares outstanding at the end of the year	25,18,23,232	12,591.16	25,18,23,232	12,591.16

AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

20 A.1 (b) Shares reserved for issue under employee stock option plan (ESOP)

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Equity shares of ₹ 5 fully paid up		
Number of Shares reserved for ESOPs (Refer note 39)	1,19,81,870	1,14,31,626

20 A.1 (c) Rights, Preferences and Restrictions

The Group has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive the remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

20 A.1 (d) List of shareholders holding more than 5% shares

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	%	Number	%
Olive Vine Investment Ltd*	14,93,94,074	59.32%	14,93,94,074	59.32%
Kedaara Capital Growth Fund III LLP	3,53,77,880	14.05%	3,53,77,880	14.05%
International Finance Corporation Ltd	2,90,81,784	11.55%	2,90,81,784	11.55%
Alpha Investment Group LLC	2,58,80,662	10.28%	2,58,80,662	10.28%

* Including shares held jointly with nominee Shareholders.

20 A.1. (e) Shareholding of promoters

As at March 31, 2026

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the period
Equity shares of ₹ 5 each fully paid	Olive Vine Investment Ltd* (Holding Group)	14,93,94,074	-	-	14,93,94,074	59.32%	Nil

* Including shares held jointly with nominee Shareholders.

As at March 31, 2025

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of ₹ 10 each fully paid	Olive Vine Investment Ltd* (Holding Group)	7,46,97,037	7,46,97,037	-	14,93,94,074	59.32%	Nil

* Including shares held jointly with nominee Shareholders.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

20 A.1. (f) There are no shares that have been allotted during last 5 years pursuant to a contract without payment being received in cash, or by way of bonus shares. The Group has not bought back any class of shares during last 5 years.

20 B. Instruments entirely equity in nature

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
AUTHORISED		
50,000,000 Preference Shares of ₹ 10 each	5,000.00	2,500.00
(As at March 31, 2025 : 25,000,000 Preference Shares of ₹ 10 each)		
	5,000.00	2,500.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
31,743,514 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each	3,174.35	-
	3,174.35	-

The Board of Directors of the Group at its meeting held on December 19, 2025, approved to reclassify the authorised share capital of the Group from ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 35,00,00,000 (Thirty Five Crore) equity shares of ₹ 5/- (Rupees Five only) each and 2,50,00,000 (Two Crore Fifty Lakh) preference shares of ₹ 10/- (Rupees Ten only) each to ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 30,00,00,000 (Thirty Crore) equity shares of ₹ 5/- (Rupees Five only) each and 5,00,00,000 (Five Crore) preference shares of ₹ 10/- (Rupees Ten only) each.

20 B.1 (a) Reconciliation of the CCPS at the beginning and at the end of the reporting year

(₹ in Lakhs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Shares issued during the year	3,17,43,514	3,174.35	-	-
Shares outstanding at the end of the year	3,17,43,514	3,174.35	-	-

20 B.1 (b) Terms, Rights, Preferences, Restrictions and conversion terms

The CCPS are cumulative, mandatorily, and fully convertible preference shares issued at a face value of ₹ 10 with a premium of ₹ 368.03, ranking senior to equity shares regarding liquidation and dividend preference. These shares carry a cumulative dividend of 0.0001% per annum on the face value.

The CCPS will convert into equity Shares upon a Mandatory Conversion Event, a New Investor Round, or an Initial Public Offer. In a mandatory conversion, the Floor Price applies, however, if a New Investor Round or IPO occurs earlier, the conversion price is calculated by discounting the transaction price by defined % per annum (compounded) for the holding period. This adjusted price is subject to a pre-determined Floor Valuation.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

20 B.1 (c) List of shareholders holding more than 5% shares

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	%	Number	%
Olive Vine Investment Ltd	2,15,69,031	67.95%	-	-
Kedaara Capital Growth Fund III LLP	51,07,744	16.09%	-	-
Alpha Investment Group LLC	37,36,566	11.77%	-	-

20.1. (d) Shareholding of promoters

As at March 31, 2026						
S. No.	Promoter Name	No of Shares at the beginning of the year	Share issued during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Compulsorily Convertible Preference Shares (CCPS) of ₹ 5 each fully paid	Olive Vine Investment Ltd* (Holding Group)	-	2,15,69,031	2,15,69,031	67.95%	100.00%

As at March 31, 2025						
S. No.	Promoter Name	No of Shares at the beginning of the year	Share issued during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Compulsorily Convertible Preference Shares (CCPS) of ₹ 5 each fully paid	Olive Vine Investment Ltd* (Holding Group)	-	-	-	-	N.A.

21. Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities premium	2,88,159.40	2,88,159.40
Securities premium - CCPS	1,16,773.01	-
General reserve	47.45	47.45
Statutory reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	35,417.98	23,459.08
Stock options reserve	4,199.83	2,835.87
Cash flow hedge reserve	1,351.45	(5,596.99)
Foreign Currency Translation reserve	1,443.43	95.31
Retained earnings	1,40,306.03	92,608.80
TOTAL	5,87,698.58	4,01,608.92

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



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Description of the nature and purpose of Other Equity

Securities premium

Securities premium account is used to record the premium on issue of shares and utilisation towards share issue expenses. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

The general reserve is a free reserve, retained from Group's profits and can be utilised upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

Statutory reserve as per Section 45-IC of the RBI Act, 1934

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared.

Stock option reserve

Stock options reserve represents the cumulative fair value of stock options recognised as employee cost over the period in accordance with Ind AS 102 'Share based payments'.

Cash flow hedge reserve

It represents the cumulative gain / (loss) arising on revaluation of the derivative instruments designated as cash flow hedges through other comprehensive income.

Foreign currency translation reserve:

It represents the net impact of changes of conversion of its standalone financial statement by subsidiary in presentation currency (INR) from functional currency (USD) in which it operates wherein income and expenses are translated at average rate and the assets and liabilities except equity shares are stated at closing rate.

Retained earnings

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

22. Interest income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial assets measured at amortised cost		
- Interest income on loans	2,47,226.62	1,96,443.55
- Interest income on fixed deposits with banks	3,676.34	3,194.97
- Interest income from treasury bills	822.67	1,801.80
- Interest income from government securities	946.49	-
- Interest income from certificate of deposits	20.56	-
- Interest Income on Treasury Bills Repurchase - Lending	1,021.51	-
Total	2,53,714.19	2,01,440.32



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

23. Fees and commission income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Commission income (refer note 1 and 2)	16,032.14	18,581.89
Prepayment, other fees and charges	2,669.65	3,814.81
Total	18,701.79	22,396.70

1. Includes insurance commission of ₹ 3,960.27 lakhs for the year ended March 31, 2026 (March 31, 2025: ₹ 5,535.72 lakhs).
2. Unbilled revenue in respective financial year have been billed in subsequent financial year.

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to the Consolidated Statement of Profit and Loss

Geographical markets		
- India	18,701.79	22,396.70
- Outside India	-	-
Total	18,701.79	22,396.70
Timing of revenue recognition		
Services transferred at a point in time	18,701.79	22,396.70
Services transferred over time	-	-
Total	18,701.79	22,396.70

Note: For receivable balances against the income, refer note no 6.

24. Net gain on fair value changes

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Realised gain on sale of mutual funds - at FVTPL	1,272.69	1,466.76
Total	1,272.69	1,466.76

25. Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	1,21,794.50	87,349.42
Interest on debt securities	29,749.92	33,181.53
Interest on subordinated liabilities	478.95	480.24
Finance cost on lease liability	354.29	371.08
Other finance charges	746.61	317.46
Total	1,53,124.27	1,21,699.73

Note: There are no financial liabilities measured at FVTPL.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

26. Impairment of financial instruments

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial assets measured at amortised cost		
Expected credit loss		
- Loans	8,694.29	4,595.30
- Other financial assets and other non-financial assets	29.05	(47.71)
Bad debts written off		
- Loans	3,089.41	1,883.85
- Other financial assets and other non-financial assets	-	47.71
Total	11,812.75	6,479.15

27. Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, bonus and other allowances	16,637.14	14,833.44
Contribution to provident fund and other funds (refer note 36)	770.11	629.21
Gratuity (refer note 36)	407.21	165.60
Employee share based payment expenses	1,363.96	931.64
Staff welfare expenses	488.24	440.06
Total	19,666.66	16,999.95



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

28. Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Business sourcing expenses	4,130.25	4,966.23
Information technology expense	4,914.59	4,090.36
Manpower outsourcing	2,039.55	2,515.52
Legal & professional expenses	2,791.45	2,209.84
Travelling and conveyance	1,631.78	1,410.34
Rating fees	511.68	719.05
Corporate social responsibility expenses (refer note 35)	903.00	507.38
Rent	213.12	277.05
Advertising	481.67	265.06
Insurance charges	474.84	249.84
Housekeeping expenses	250.39	247.70
Postage, telephone and fax	179.60	273.62
Rates and taxes	401.20	239.23
Printing and stationery	120.44	195.01
Electricity charges	135.43	148.69
Membership and subscription	103.33	133.07
Meeting and Conference	250.55	10.80
Director's sitting fees & commission	153.48	119.68
Office maintenance	191.69	169.10
Auditors' remuneration (refer note below)	192.13	103.77
Bank charges	58.69	74.62
Security charges	90.86	23.02
Miscellaneous expenses	305.80	243.38
Total	20,525.52	19,192.36

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) For audit and limited reviews	144.25	89.25
b) For certification	22.60	12.81
c) For reimbursement of expenses	4.66	1.71
d) For services in connection with proposed initial public offer (refer note below)	20.62	-
Total	192.13	103.77

For the year ended March 31, 2026, includes amount of ₹ 20.62 lakhs paid for services in connection with proposed initial public offer of equity shares of the holding company, disclosed as part of prepaid expenses in note 12 at March 31, 2025. Please refer note 44 also.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

29 Earning Per Equity Share

(₹ in Lakhs)

	For the year ended March 31, 2026	For the year ended March 31, 2025
A. Profit attributable to equity share holders (₹ in lakhs)	59,686.49	50,212.30
B. Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (note 29.1)	26,01,72,211	25,18,23,232
Effect of dilution:		
Employee stock options	63,21,147	90,25,659
C. Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share	26,64,93,358	26,08,48,891
Basic earnings per share (₹) (A/B)	22.94	19.94
Diluted earnings per share (₹) (A/C)	22.40	19.25
Nominal value per share (₹)*	5.00	5.00

29.1 Reconciliation of average number of equity shares used as the denominator in calculating basic earnings per share

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Weighted average number of equity shares	25,18,23,232	25,18,23,232
Add: Weighted average impact of Compulsorily Convertible Preference Shares issued during the year	83,48,979	-
Weighted average number of equity shares used as denominator for basic earnings per share	26,01,72,211	25,18,23,232

*The Board of Directors of the Group in its meeting held on April 4, 2024, and Shareholders in the Extraordinary General Meeting held on April 26, 2024, approved the sub-division of equity shares from ₹ 10 per share to ₹ 5 per share.

30 Contingent liabilities and capital commitments

(₹ in Lakhs)

	As at March 31, 2026	As at March 31, 2025
Contingent liabilities:		
Against income tax appeal filed	316.83	316.83
Other Litigations (refer note 1)	-	-
Capital commitments:		
Undisbursed commitments on loans	99,108.53	1,01,862.05
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	530.08	249.62

Note:

- The Group is involved in certain litigations, including claims from revenue authorities, cases by/against customers, dispute with a third party towards invocation of guarantee and other matters arising in the normal course of business. These matters are pending at various forums and different stages of legal proceedings. The Group has assessed the possible obligations arising from such claims, in accordance with the requirements of Ind AS 37, 'Provision, Contingent Liabilities and Contingent Assets considering judicial precedents, consultation with lawyers and past experience. Accordingly, the Group is of the view that based on information currently available, no provision or disclosure as contingent liability is considered necessary in respect of these matters except as disclosed above.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

31 Leases

The Group has taken office premises on lease. Leases of rented offices are having a lease term of 3 to 5 years. In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of leases are made.

The Group has recognised lease liabilities and right to use assets as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
I. Lease liabilities		
Opening balance	4,162.76	4,461.50
Add: Lease liabilities recognised during the period/ year	691.59	586.40
Less: Lease liabilities written off during the period/ year	(66.31)	-
Add: Interest accrued on lease liabilities	354.29	371.08
Less: Lease payments*	(1,476.82)	(1,256.22)
Closing balance of lease liabilities	3,665.51	4,162.76
II. Right of use assets (RoU assets)		
Opening balance	3,890.93	4,401.59
Add: RoU assets recognised during the period/ year	691.59	586.40
Less: RoU assets written off during the period/ year	(66.31)	-
Less: Depreciation on RoU assets	(1,255.18)	(1,097.06)
Closing balance of RoU assets	3,261.03	3,890.93

* Refer Statement of Cashflow

- The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.

Table showing contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Less than one year	1,387.24	1,341.35
One to five years	2,786.64	3,572.29
More than five years	-	-
Total	4,173.88	4,913.64



AVANSE FINANCIAL SERVICES LIMITED

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Amount recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on lease liabilities charged to finance cost	354.29	371.08
Depreciation charge for the period on RoU assets	1,255.18	1,097.06
Expense relating to short-term leases (included in Rent expenses under note 28 "Other expenses")	213.12	277.05
Expense relating to leases of low-value assets (included in Rent expenses under note 28 "Other expenses")	-	-
Total	1,822.59	1,745.19

Cash out flow on account of lease payments is ₹ 1,476.82 lakhs (corresponding previous year ₹ 1,256.22 lakhs)

- The Group does not face significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.
- Leases not yet commenced to which the Group is committed during the year ended March 31, 2026 and year ended March 31, 2025 - Nil.
- For the year ended March 31, 2026 and year ended March 31, 2025:
 - The Group did not have any variable lease payments;
 - There were no significant restrictions or covenants imposed by lessor;
 - The Group did not have any sale and leaseback transaction.

32. Segment Reporting

The Group has only one reportable business segment, i.e. lending to borrowers within India. Accordingly, the amounts appearing in the financial statements relate to the Group's single business segment. No revenue from transactions with a single external customer aggregate to 10% or more of the Group's total revenue during the year ended March 31, 2026 and year ended March 31, 2025.

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

33. Change in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	As at April 01, 2025	Cash Flows (Net)	Others (net)*	As at March 31, 2026
Debt securities	3,71,959.70	(56,947.66)	(7,165.37)	3,07,846.67
Borrowing other than debt securities	10,70,341.87	4,22,568.34	50,793.44	15,43,703.65
Subordinated liabilities	5,056.51	-	7.71	5,064.22
Lease Liability	4,162.76	(1,476.82)	979.57	3,665.51

Particulars	As at April 01, 2024	Cash Flows (Net)	Others (net)*	As at March 31, 2025
Debt securities	3,05,343.64	69,151.20	(2,535.14)	3,71,959.70
Borrowing other than debt securities	7,03,133.72	3,61,995.41	5,212.74	10,70,341.87
Subordinated liabilities	5,047.52	-	8.99	5,056.51
Lease Liability	4,461.50	(1,256.22)	957.48	4,162.76

* Includes the effect of change in interest accrued but not due on borrowing, amortisation of borrowing cost and mark to market gain/(loss) on revaluation of external commercial borrowings/foreign currency borrowings.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

34. Transfer of financial assets

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in Lakhs)

Loans and advances measured at amortised cost	As at March 31, 2026	As at March 31, 2025
Carrying amount of transferred assets measured at amortised cost	4,888.72	18,716.68
Carrying amount of associated liabilities measured at amortised cost	(3,117.58)	(6,849.12)

35. 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 Group & approved by the Board for the year ended March 31, 2025 – ₹ 903.00 lakhs (for the year ended March 31, 2025- ₹ 507.38 lakhs).

b. Amount spent by the Group during the year

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Amount spent	Amount unpaid/ provision	Total	Amount spent	Amount unpaid/ provision	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above	903.00	-	903.00	507.38	-	507.38

c. In case of Section 135(5) unspent amount

March 31, 2026

(₹ in Lakhs)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	903.00	903.00	-

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	507.38	507.38	-

d. In case of Section 135(5) Excess amount spent

March 31, 2026

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	903.00	903.00	-

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	507.38	507.38	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

e. In case of Section 135(6) Details of ongoing projects

March 31, 2026

(₹ in Lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the period		Closing Balance	
With Group	In separate CSR unspent account		From Group's bank account	From separate CSR unspent account	With Group	In separate CSR unspent account
-	-	903.00	903.00	-	-	-

March 31, 2025

(₹ in Lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the period		Closing Balance	
With Group	In separate CSR unspent account		From Group's bank account	From separate CSR unspent account	With Group	In separate CSR unspent account
-	-	507.38	507.38	-	-	-

f. Nature of CSR activities

CSR activities conducted during the period were focused on promoting education, skill building, training the teachers and building the education ecosystems for deserving underserved Indian students.

36. Employee Benefit:

Defined contribution plan

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

The Group's contribution to Provident Fund aggregating ₹ 770.12 lakhs (for the year ended March 31, 2025: ₹ 629.21 lakhs) has been recognised in the Statement of Profit and Loss under the head "Employees benefit expenses".

The Group's contribution to National Pension Scheme aggregating ₹ 112.69 lakhs (for the year ended March 31, 2025: ₹ 79.02 lakhs) has been recognised in the Statement of Profit and Loss under the head "Employees benefit expenses".

Defined benefit obligation plan

The liability under the Code on Social Security, 2020 is 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 Group and hence it underwrites all the risks pertaining to the plan. The actuarial risks associated are:

Investment / Interest Rate Risk:

The Group 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 Group 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 Group, which results in a higher liability for the Group and is therefore a plan risk for the Group.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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

Particulars	As at March 31, 2026	As at March 31, 2025
Significant assumptions		
Discount rate	6.44%	6.40%
Expected rate of salary increase	8.00%	8.00%
Attrition rate	20.00%	19.00%
Other assumption		
Mortality rate	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

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

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of defined benefit obligation	1,097.73	664.30
Fair value of plan assets	187.59	175.35
Net liability	910.14	488.95

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	189.90	153.04
Net interest cost	28.30	12.56
Past service cost- (non vested benefits)	76.19	-
Past service cost- (vested benefits)	112.82	-
Total amount recognised in statement of profit and loss	407.21	165.60
Remeasurements on the net defined benefit liability :		
- Actuarial (gain) / loss	40.57	88.55
Total amount recognised in other comprehensive income	40.57	88.55
Total	447.78	254.15

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.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening defined benefit obligation	664.30	406.95
Current service cost	189.90	153.04
Past service cost- (non vested benefits)	76.19	-
Past service cost- (vested benefits)	112.82	
Interest cost	39.52	23.93
Remeasurements (gains)/losses:		
- Actuarial gain from change in demographic assumptions	(8.92)	89.49
- Actuarial loss from change in financial assumptions	(1.97)	(31.54)
- Actuarial gain from change in experience adjustments	52.49	30.57
Benefits paid	(26.60)	(8.14)
Closing defined benefit obligation	1,097.73	664.30

e) Movement in the fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening fair value of plan assets	175.35	164.03
Interest income	11.22	11.36
Return on plan assets (excluding interest income)	1.02	(0.04)
Contributions by employer	-	-
Adjustment due to change in opening balance of plan assets	-	-
Actual Benefits paid	-	-
Closing fair value of plan assets	187.59	175.35

- f) 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 :

(₹ in Lakhs)

Particulars	March 31, 2026		March 31, 2025	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Defined benefit obligation on increase in 100 bps	1,045.90	1,128.67	632.16	687.31
Impact of increase in 100 bps on defined benefit obligation	(4.31%)	3.26%	(4.84%)	3.69%
Defined benefit obligation on decrease in 100 bps	1,144.42	1,059.05	696.43	639.47
Impact of decrease in 100 bps on defined benefit obligation	4.70%	(3.11%)	5.07%	(3.74%)



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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 years 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.

g) Projected benefits payable:

(₹ in Lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Expected benefits for year 1	157.50	90.70
Expected benefits for year 2	160.10	90.01
Expected benefits for year 3	168.13	90.25
Expected benefits for year 4	169.79	92.22
Expected benefits for year 5	137.13	94.04
Expected benefits for year 6 to 10	446.20	283.21

The weighted average duration to the payment of these cash flows is 3.70 years (As at March 31, 2025: 3.94 years)

The Group expects to contribute approximately ₹ 905.46 lakhs (FY 2024-25- ₹ 487.50 lakhs) to the gratuity fund.

h) Investment pattern:

Particulars	As at March 31, 2026	As at March 31, 2025
Policy of insurance	100%	100%
Total	100%	100%

- i) Pursuant to the notification issued by the Ministry of Labour and Employment, the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as the "New Labour Codes") became effective from November 21, 2025. The Group has reassessed its employee benefit obligations in accordance with the revised definition of wages. Accordingly, an incremental liability on account of past service cost in accordance with Ind AS 19 - Employee Benefits amounting of ₹ 315.64 lakhs (Gratuity: ₹ 189.01 lakhs and Leave encashment: ₹ 126.63 lakhs) has been charged to the Profit and Loss Account.

37 Related Party Disclosure:

As per Ind AS 24 — "Related Party Disclosures", following disclosure are made:

Names of related parties and description of Relationship

(i) Holding Company

Olive Vine Investment Ltd
(An affiliate of Warburg Pincus LLC)

(ii) Wholly Owned Subsidiary

Avanse Global Finance IFSC Private Limited

(iii) Directors

Mr. Neeraj Swaroop - Independent director
Mrs. Vijayalakshmi Iyer - Independent director
Mr. Narendra Ostawal - Non executive director
Mrs. Savita Mahajan - Independent director



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Mr. Ravi Venkatraman - Independent director
 Mr. Amit Gainda - Managing Director and Chief Executive Officer
 Mr. Hemant Mundra - Non executive director (w.e.f. July 1, 2024)
 Mr. Sunish Sharma - Non executive director (w.e.f. July 1, 2024)
 Mr. Luca Molinari - Non executive director (w.e.f. July 1, 2024)
 Mr. Rakesh Bhatt - Independent director (w.e.f. March 8, 2025)

Key Management Personnel

Mr. Amit Gainda - Managing Director and Chief Executive Officer
 Mr. Shailendra Dhupiya - Chief Financial Officer (w.e.f. March 05, 2026)
 Mr. Vikrant Gandhi - Chief Financial Officer (upto March 04, 2026)
 Mr. Rajesh Gandhi - Company Secretary

(iv) Details of transactions with related parties

(₹ in Lakhs)

Name of the related party	For the year ended March 31, 2026	For the year ended March 31, 2025
Key Management Personnel (KMP) Remuneration		
Short-term employee benefits	961.45	887.18
Director's Commission		
Mr. Neeraj Swaroop	26.16	21.80
Mrs. Vijayalakshmi Iyer	13.08	10.90
Mrs. Savita Mahajan	13.08	10.90
Mr. Ravi Venkatraman	13.08	10.90
Mr. Rakesh Bhatt	13.14	0.65
Sitting Fees		
Mr. Neeraj Swaroop	18.53	16.17
Mrs. Vijayalakshmi Iyer	15.26	15.91
Mrs. Savita Mahajan	14.72	15.70
Mr. Ravi Venkatraman	13.35	16.20
Mr. Rakesh Bhatt	13.08	0.55
Recovery of expenses incurred in connection with proposed Initial Public Offer (refer note 44)		
Olive Vine Investment Ltd - Holding Company	1,079.54	-



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Balances as at	March 31, 2026	March 31, 2025
Director's Commission		
Mr. Neeraj Swaroop	26.16	21.80
Mrs. Vijayalakshmi Iyer	13.08	10.90
Mrs. Savita Mahajan	13.08	10.90
Mr. Ravi Venkatraman	13.08	10.90
Mr. Rakesh Bhatt	13.08	0.65
Sitting Fees Payable		
Mr. Rakesh Bhatt	-	0.55

37.1 All outstanding balances (receivable and payable) with related parties are unsecured and are repayable on demand in cash. There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

37.2 The transactions disclosed above are inclusive of GST, for which input tax credit is not available to the Group.

37.3 Provisions for gratuity, compensated absences and other long term service benefits are made for the Group as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

38. Maturity Analysis of Assets and Liabilities

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2026			March 31, 2025		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets							
(1) Financial assets							
(a)	Cash and cash equivalents	2,25,706.19	-	2,25,706.19	1,18,524.14	-	1,18,524.14
(b)	Bank balances other than cash and cash equivalents	54,105.22	1,779.10	55,884.32	7,685.91	832.19	8,518.10
(c)	Derivative financial instruments	18,117.14	37,456.37	55,573.51	12.69	1,715.00	1,727.69
(d)	Trade receivables	4,524.66	-	4,524.66	2,175.31	-	2,175.31
(e)	Loans	4,78,454.43	15,81,273.78	20,59,728.21	2,88,658.99	14,37,629.15	17,26,288.14
(f)	Investments	19,752.41	66,796.17	86,548.58	24,373.52	-	24,373.52
(g)	Other financial assets	1,812.02	22,307.74	24,119.76	526.50	1,484.70	2,011.20
		8,02,472.07	17,09,613.16	25,12,085.23	4,41,957.06	14,41,661.04	18,83,618.10
(2) Non-financial assets							
(a)	Current tax assets (net)	4.93	948.17	953.10	7.26	408.38	415.64
(b)	Deferred tax assets (net)	-	-	-	-	1,735.52	1,735.52
(c)	Property, plant and equipment	-	3,439.46	3,439.46	-	4,260.35	4,260.35
(d)	Capital work-in-progress	-	-	-	-	-	-
(e)	Right of use assets	-	3,261.03	3,261.03	-	3,890.93	3,890.93



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2026			March 31, 2025		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(f)	Intangible assets under development	-	612.67	612.67	-	126.48	126.48
(g)	Other intangible assets	-	1,889.70	1,889.70	-	2,352.77	2,352.77
(h)	Other non-financial assets	773.76	1,535.19	2,308.95	977.26	3,302.41	4,279.67
		778.69	11,686.22	12,464.91	984.52	16,076.84	17,061.37
	Total	8,03,250.76	17,21,299.38	25,24,550.14	4,42,941.58	14,57,737.88	19,00,679.46
Liabilities							
(1) Financial liabilities							
(a)	Derivative financial instruments	-	-	-	4,093.56	562.77	4,656.33
(b)	Trade payables	11,216.16	-	11,216.16	8,536.89	-	8,536.89
(c)	Other Payables	22.88	-	22.88	28.85	-	28.85
(d)	Debt securities	1,10,882.59	1,96,964.09	3,07,846.68	1,02,328.38	2,69,631.32	3,71,959.70
(e)	Borrowings (other than debt securities)	4,52,467.13	10,91,236.52	15,43,703.65	2,63,682.65	8,06,659.22	10,70,341.87
(f)	Subordinated liabilities	77.47	4,986.75	5,064.22	78.76	4,977.75	5,056.51
(g)	Other financial liabilities	16,941.82	30,871.97	47,813.79	10,040.17	13,962.20	24,002.37
	Total financial liabilities	5,91,608.05	13,24,059.33	19,15,667.38	3,88,789.26	10,95,793.26	14,84,582.52
(2) Non-financial liabilities							
(a)	Current Tax Liabilities (net)	880.12	-	880.12	-	-	-
(b)	Deferred tax liabilities (net)	-	1,625.30	1,625.30	-	-	-
(c)	Provisions	206.11	1,106.96	1,313.07	2.50	696.26	698.76
(d)	Other non-financial liabilities	1,512.67	87.52	1,600.19	1,118.34	79.76	1,198.10
	Total non-financial liabilities	2,598.90	2,819.78	5,418.68	1,120.84	776.02	1,896.86
	Total	5,94,206.95	13,26,879.11	19,21,086.06	3,89,910.10	10,96,569.28	14,86,479.38

39 The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 4,826,799 equity shares of the face value of Rs.10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 62 of the Companies Act, 2013.

The shareholders of the holding company vide their special resolution passed at its 18th extra ordinary general meeting held on February 5, 2020 approved the issue of equity shares of the holding Company under Avanse Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

The holding company has also adopted the "Avanse Financial Services Limited Employee Stock Option Plan, 2024" pursuant to the resolution passed by the Board of Directors on May 14, 2024 and a special resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on June 20, 2024.

The Board of Directors of the Company in its meeting held on April 4, 2024 and Shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from ₹ 10 per share to ₹ 5 per share.



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Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employment with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination, Remuneration and Compensation Committee of the Group has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, seventeen grants have been made as of March 31, 2026, details of which, are given as under:

As on March 31, 2026

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,544	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	28,76,988	4,23,278	75,888	19,904	27,232	3,38,322
Option unvested	30,13,364	-	-	-	-	1,12,764
Option exercised	8,59,800	78,538	2,358	5,770	-	-
Option cancelled	9,65,192	5,06,204	69,358	5,79,426	55,094	65,356
Option outstanding	50,30,552	3,44,740	73,530	14,134	27,232	4,51,086
Weighted average remaining contractual life (years)			0.17	0.50	0.86	1.10

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	2,70,174	1,05,000	-	1,87,500	45,000	1,63,104
Option unvested	90,028	1,75,000	-	3,12,500	15,000	1,63,096
Option exercised	-	-	-	-	-	-
Option cancelled	1,84,888	-	1,00,000	-	-	90,064
Option outstanding	3,60,202	2,80,000	-	5,00,000	60,000	3,26,200
Weighted average remaining contractual life (years)	1.17	1.37	1.51	1.56	1.67	2.17



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024	April 28, 2025	February 3, 2026
Exercise price	226.00	347.50	347.50	347.50	423.00	427.00
Option granted	3,69,072	3,92,882	1,95,428	29,66,950	3,55,000	1,64,600
Option vested and exercisable	1,27,182	1,34,734	48,317	3,80,238	-	-
Option unvested	2,27,194	2,54,734	1,44,951	25,80,712	3,42,400	1,63,500
Option exercised	-	-	-	-	-	-
Option cancelled	14,696	3,414	2,160	6,000	12,600	1,100
Option outstanding	3,54,376	3,89,468	1,93,268	29,60,950	3,42,400	1,63,500
Weighted average remaining contractual life (years)	2.60	2.96	3.08	3.34	4.08	4.84

Grant Date	March 5, 2026
Exercise price	427.00
Option granted	1,10,232
Option vested and exercisable	-
Option unvested	1,10,232
Option exercised	-
Option cancelled	-
Option outstanding	1,10,232
Weighted average remaining contractual life (years)	4.93

As on March 31, 2025

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,544	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	19,85,154	3,89,082	73,530	14,134	27,232	3,51,420
Option unvested	30,13,364	-	-	-	-	1,17,128
Option exercised	8,91,834	46,504	2,358	5,770	-	-
Option cancelled	9,65,192	4,93,896	69,358	5,79,426	55,094	47,894
Option outstanding	49,98,518	3,89,082	73,530	14,134	27,232	4,68,548
Weighted average remaining contractual life (years)	0.16	0.85	1.17	1.50	1.86	2.10



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	2,74,632	1,05,000	-	1,87,500	45,000	1,68,692
Option unvested	91,510	1,75,000	-	3,12,500	15,000	1,68,684
Option exercised	-	-	-	-	-	-
Option cancelled	1,78,948	-	1,00,000	-	-	78,888
Option outstanding	3,66,142	2,80,000	-	5,00,000	60,000	3,37,376
Weighted average remaining contractual life (years)	2.17	2.37	2.51	2.56	2.67	3.17

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024
Exercise price	226.00	347.50	347.50	347.50
Option granted	3,69,072	3,92,882	1,95,428	29,66,950
Option vested and exercisable	1,30,896	1,36,440	48,857	3,81,738
Option unvested	2,30,908	2,56,442	1,46,571	25,85,212
Option exercised	-	-	-	-
Option cancelled	7,268	-	-	-
Option outstanding	3,61,804	3,92,882	1,95,428	29,66,950
Weighted average remaining contractual life (years)	3.60	3.96	4.08	4.34

Weighted average fair value of stock options granted during the year is as follows:

Particulars	31-Mar-26	31-Mar-25
Grant date	28-Apr-25 03-Feb-26 05-Mar-26	30-Apr-24 02-Aug-24
No. of option granted	6,29,832	31,62,378
Weighted average fair value ₹	133.34	80.80



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Method used for accounting for share based payment plan

The Group has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Risk Free Interest Rate (%)	6.1	5.48	5.55	5.47	5.47	7.18
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	17.57	24.53	25	24.93	24.93	23.99
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	76	97	97	115	115	115

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Risk Free Interest Rate (%)	7.18	7.18	7.24	7.24	7.13	7.24
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	23.99	23.99	24.15	24.15	24.42	25.01
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	115	115	115	115	182	226

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024	April 28, 2025	February 3, 2026
Risk Free Interest Rate (%)	7.24	6.91	6.91	6.91	5.97	5.93
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	25.01	13.38	13.38	13.38	15.17	35.94
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	226	348	348	348	423	427

Grant Date	March 5, 2026
Risk Free Interest Rate (%)	5.78
Expected life	4 years
Expected volatility	36.13
Dividend yield	-
Fair market value at the time of option grant (₹)	427

The charge on account of above scheme of ₹ 1363.96 lakhs for the year ended March 31, 2026 is included in employee benefit expense (For the year ended March 31, 2025: ₹ 931.64 lakhs).

The Nomination, Remuneration and Compensation Committee of the holding company at its meeting held on April 30, 2025, approved a modification to extend the exercise period by two years, i.e., up to July 31, 2027. This has resulted in an additional expense of ₹ 214.94 lakhs for the year ended March 31, 2026.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

40 Financial Instruments

40.1 Fair value measurement

Fair value of financial instruments not measured at fair value.

The table below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are measured at amortised cost in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables and trade and other payables as on March 31, 2026 and March 31, 2025 approximate the fair value because of their short-term nature. Since a significant portion of the loans are floating rate, their carrying amounts approximates their fair values. Difference between carrying amount and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the period/year presented.

(₹ in Lakhs)

As at March 31, 2026	Carrying value		Fair value			Total
		Level 1	Level 2	Level 3		
Financials Assets						
Loans	20,59,728.21	-	-	20,59,728.21	20,59,728.21	
Investments	86,548.58	75,509.40	-	9,841.00	85,350.40	
Financials Liabilities						
Debt securities	3,07,846.67	-	-	3,07,799.00	3,07,799.00	
Borrowings (other than debt securities)	15,43,703.65	-	-	15,15,528.72	15,15,528.72	
Subordinated Liabilities	5,064.22	-	-	5,061.48	5,061.48	

(₹ in Lakhs)

As at March 31, 2026	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	17,26,288.14	-	-	17,26,288.14	17,26,288.14
Investments	24,373.52	24,373.52	-	2,673.79	27,047.31
Financials Liabilities					
Debt securities	3,71,959.70	-	-	3,69,904.44	3,69,904.44
Borrowings (other than debt securities)	10,70,341.87	-	-	10,68,238.39	10,68,238.39
Subordinated Liabilities	5,056.51	-	-	5,008.43	5,008.43

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

40.2 Financial assets

Loans - A significant portion of the loan portfolio is on a variable rate basis. The carrying value is considered a reasonable approximation of fair value.

Investments

- G-Sec / TREPS / T-Bills** - Valued based on published prices on recognized reporting platforms at the measurement date.
- Certificate of Deposits** - Due to the very short-term nature of these instruments (typically < 90 days), the carrying value represents a close approximation of the fair value at the reporting date.
- Investments in equity shares (Subsidiary)** - Investments in subsidiaries are accounted for at cost as per Ind AS 27, 'Separate Financial Statements'. The carrying value of these investments at March 31, 2026, is ₹ 19,679.79 lakhs (At March 31, 2025: ₹ 2,673.79 lakhs).



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

40.3 Financial liabilities

Borrowings

- Debt securities and Sub-ordinated liabilities** - Fair value is determined by discounting future cash flows using current market interest rates (yield curves).
- Borrowings other than debt-securities (carrying variable rate)** - These borrowings carry floating interest rates linked to market benchmarks (e.g., Repo, T-bills, MCLR, SOFR) that reset periodically. The carrying value is considered a reasonable approximation of fair value as the interest rates reflect current market conditions and the Group's current credit spread.
- Borrowings other than debt-securities (carrying fixed rate of interest)** - Fair value is estimated by discounting the future contractual cash flows (principal and interest) using current market interest rates available to the Group for borrowings with similar remaining maturities and credit risk profiles.

40.4 Fair Value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

Accounting classifications and fair values

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2026

(₹ in Lakhs)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument- Asset	March 31, 2026	-	55,573.51	-	55,573.51
Derivative financial instrument- Liability	March 31, 2026	-	-	-	-

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2025

(₹ in Lakhs)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument- Asset	March 31, 2025	-	1,727.69	-	1,727.69
Derivative financial instrument- Liability	March 31, 2025	-	4,656.33	-	4,656.33

Notes:

- Derivative financial instruments are measured at Fair Value through Other Comprehensive Income (FVOCI), as they are designated in effective hedge accounting relationships
- Derivatives are fair valued using observable foreign exchange rates and interest rates.

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2026 and year ended March 31, 2025.



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

41 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Operational risk
- Liquidity risk
- Market risk (including interest rate risk)
- Foreign currency risk and
- Price risk

Risk management framework

Risk management forms an integral part of the Group's business. As a lending institution, the Group is exposed to several risks related to the lending business and operating environment. The Group 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 and senior management through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, monitoring and providing oversight on management of risk of the Group.

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 Group. In its lending operations, the Group is principally exposed to credit risk.

The credit risk management structure includes separate credit policies and procedures for the Group's business. 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 Group has structured and standardised 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.

Credit exposures are sanctioned based on delegation of credit authority as defined under credit policy. The Group measures, monitors and manages credit risk at an individual / portfolio level for education institute loans and at portfolio level for education loans. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

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

Category	Description	Basis for recognising expected credit losses
Stage 1	High quality assets	12 Month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL

The key elements in calculation of ECL are as follows:

Expected credit losses are a probability weighted estimate of credit losses. The calculation of ECL by the Group involves portfolio classification, calculation of probability of default (PD) and calculation of loss given default (LGD). The Group's loan portfolio primarily comprises of loans to students and loans to education institutions. Further, the Group has stratified its portfolio into smaller risk pools covering the major geographies for student loans such as the USA, UK, Canada and rest of the world.

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 TTC (through the cycle) PD has been determined based on historical behaviour of the book and following roll rate approach which is based on observed default rate. Macro-economic factors are applied on the TTC (through the cycle) PD to arrive at forward looking PD.

EAD – The estimated credit exposure at point of default.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

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. For both secured and unsecured portfolio where sufficient historic recovery data for default accounts is available, the loss given default is determined based on the recovery since the date of first default on loan accounts.

The Group's ECL models utilise historical data and forward-looking macroeconomic forecasts to estimate credit risk. However, it is possible that these models may not capture all emerging market characteristics at the reporting date. Consequently, post-model adjustments are applied. These post-model adjustments represent management's best estimate of credit losses not yet fully reflected in the quantitative model outputs, ensuring that the ECL allowance remains appropriate and captures the current risk profile of the portfolio.

ii) Operational risk

Operational risk is the risk of loss resulting from inadequate internal processes, people or systems, fraud, or from external events. The Group 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 Group 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 Group 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 Group formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The Group has ₹ 33,600 lakhs undrawn lines of credit as of March 31, 2026 as against ₹ 157,700 lakhs as of March 31, 2025 from its lenders.

The Group 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 the Group's remaining contractual maturities of financial liabilities and derivatives. The amounts are gross and undiscounted.

(₹ in Lakhs)

March 31, 2026	Contractual cash flows				
	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	-	-	-	-	-
Trade payables & Other payables	11,239.04	11,239.04	-	-	-
Debt securities	3,39,143.65	1,24,529.39	2,14,614.26	-	-
Borrowings (other than debt securities)	17,42,406.09	5,38,775.15	9,30,823.85	2,45,656.62	27,150.47
Subordinated liabilities	5,783.94	475.00	5,308.94	-	-
Other financial liabilities	47,813.79	16,941.82	16,430.64	200.90	14,240.43
Total	21,46,386.51	6,91,960.40	11,67,177.69	2,45,857.52	41,390.90



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

March 31, 2025	Contractual cash flows				
	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	4,656.33	4,093.55	562.78	-	-
Trade payables & Other payables	8,565.74	8,565.74	-	-	-
Debt securities	4,28,614.72	1,21,842.57	2,93,078.13	13,694.02	-
Borrowings (other than debt securities)	12,82,363.56	3,54,152.79	7,27,359.48	1,80,496.39	20,354.90
Subordinated liabilities	6,251.44	471.25	5,780.19	-	-
Other financial liabilities	24,002.37	10,040.17	2,613.70	11,348.50	-
Total	17,54,454.16	4,99,166.07	10,29,394.28	2,05,538.91	20,354.90

iv) Market risk (interest risk)

The Group is exposed to interest rate risk as it has assets and liabilities based on floating and fixed interest rates as well. The Group 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 Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(₹ in Lakhs)

Particulars	March 31, 2026	March 31, 2025
Financial assets		
Fixed-rate instruments		
Cash and cash equivalents - Fixed Deposit	1,56,885.77	43,490.76
Bank balances other than cash and cash equivalents - Fixed Deposit	55,884.32	8,518.10
Term loans	82,155.89	55,285.35
Investment in Government securities	66,796.17	24,373.52
Investment in treasury bill	9,911.41	-
Investment in Certificate of Deposits	9,841.00	-
Floating-rate instruments		
Term loans	19,77,572.32	16,71,002.79
Total	23,59,046.88	18,02,670.52



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Lakhs)

Particulars	March 31, 2026	March 31, 2025
Financial liabilities		
Fixed-rate instruments		
Non convertible debentures	94,533.36	1,43,360.55
Subordinated liabilities	5,064.22	5,056.51
Commercial paper	13,803.53	14,242.19
Securitisation liabilities	1,316.85	4,266.99
Loan from Financial Institutions	19,171.27	-
Loan from Banks	-	-
External commercial borrowing	4,90,439.54	1,80,661.48
Floating-rate instruments		
Non convertible debentures	1,99,509.78	2,14,356.96
Securitisation liabilities	1,800.73	2,582.13
Loan from Financial Institutions	61,558.32	21,858.60
Loan from Banks	9,35,866.65	8,08,399.64
Cash credit	-	1,519.78
Working Capital Demand Loan	5,000.00	-
External commercial borrowing	7,468.72	51,053.25
Total	18,35,532.97	14,47,358.08

Fair value sensitivity analysis for Floating-rate instruments

The sensitivity analysis below has 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 Group's profit before tax and equity would have changed by the following:

(₹ in Lakhs)

Particulars	March 31, 2026		March 31, 2025	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans				
Term loans	19,775.72	(19,775.72)	16,710.03	(16,710.03)
Floating rate borrowings				
Loan from Banks	(9,358.67)	9,358.67	(8,084.00)	8,084.00
Loan from Financial Institutions	(615.58)	615.58	(218.59)	218.59
Cash credit	-	-	(15.20)	15.20
Securitisation liabilities	(18.01)	18.01	(25.82)	25.82
External commercial borrowing	(74.69)	74.69	(510.53)	510.53
Non convertible debentures	(1,995.10)	1,995.10	(2,143.57)	2,143.57
	7,713.67	(7,713.67)	5,712.32	(5,712.32)



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

v) Foreign Currency Risk

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. The hedge ratio established remains at 1:1 for the hedge relationship as the underlying risks and notional amount of the hedging instrument are identical to that of the hedged items.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

Disclosure of effects of hedge accounting on financial position

(₹ in Lakhs)

Type of hedge and risks	Nominal amount		Carrying amount of hedging instruments		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line in the balance sheet
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge - Cross currency interest rate swaps and interest rate swaps								
March 31, 2026								
INR USD - Cross currency swap	6,50,986.25		55,573.51	-0.00	23 June 2026 25 August 2026 14 December 2026 14 November 2027 20 March 2028 08 May 2028 30 October 2028 29 November 2028 27 February 2029 28 June 2029 04 October 2029 20 June 2030	58,514.85	4,23,317.22	Derivative Financial Instruments
Interest rate swap	-	-	-	-		(12.70)	-	
March 31, 2025								
INR USD - Cross currency swap	2,27,669.03		1,715.00	4,656.33	14 December 2026 08 November 2027 15 November 2027 20 March 2028 28 March 2028 08 May 2028 28 June 2029"	(1,810.64)	1,33,238.92	Derivative Financial Instruments
Interest rate swap	-		12.70	-		12.70	-	



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

Disclosure of effects of hedge accounting on financial performance

(₹ in Lakhs)

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge- Cross currency interest rate swaps and interest rate swaps				
March 31, 2026	9,285.38	-	-	-
March 31, 2025	(6,153.17)	-	-	-

(VI) Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of surplus liquidity in Mutual Funds, mainly in highly liquid overnight funds for short durations or liquid funds and Treasury Bills. The Company has a Board approved policy of investing its surplus liquidity in top 20 mutual funds based on AUM, Government Securities (including T-Bills), Treasury Bills Repurchase and other instruments having low price risk, not being equity funds/ risk bearing instruments.

42 Other statutory information:

During the current year and previous year

- The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The Group has not been declared as a wilful defaulter by any bank or financial Institution or other lender.
- The Group does not have any charges or satisfactions, which are yet to be registered with ROC beyond the statutory period.
- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Group has not traded or invested in crypto currency or virtual currency.
- The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- During the year, the quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.
- The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- The Group does not have any transactions with struck off companies.
- The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.
- The Group has not entered into any scheme of arrangement under sections 230 to 237 of the Companies Act, 2013



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

43 Additional information as required by paragraph 2 of General Instruction for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

March 31, 2026	(₹ in Lakhs)					
Name of Entity	Net assets i.e. Total Assets minus Total Liabilities	Share of Profit / (Loss)	Share of other comprehensive income	Share of total comprehensive income	As % of consolidated profit or loss	As % of consolidated total comprehensive income
Parent	Amount	Amount	Amount	Amount	Amount	Amount
Avanse Financial Services Limited	-	59,794.49	-	6,918.08	-	66,712.57
(Add) / Less: Inter company eliminations	-	0.00	-	-	-	0.00
Net of eliminations	96.56%	59,794.49	83.69%	6,918.08	98.18%	66,712.57
Subsidiary - Indian						
Avanse Global Finance IFSC Private Limited	3.44%	(108.00)	16.31%	1,348.12	1.82%	1,240.12
Total	100.00%	59,686.49	100.00%	8,266.20	100.00%	67,952.69

March 31, 2025	(₹ in Lakhs)					
Name of Entity	Net assets i.e. Total Assets minus Total Liabilities	Share of Profit / (Loss)	Share of other comprehensive income	Share of total comprehensive income	As % of consolidated profit or loss	As % of consolidated total comprehensive income
Parent	Amount	Amount	Amount	Amount	Amount	Amount
Avanse Financial Services Limited	-	50,422.68	-	(4,670.80)	-	45,751.88
(Add) / Less: Inter company eliminations	-	7.58	-	0.58	-	8.16
Net of eliminations	99.39%	50,415.10	101.31%	(4,671.38)	100.31%	45,743.72
Subsidiary - Indian						
Avanse Global Finance IFSC Private Limited	0.61%	(202.80)	(1.31%)	60.62	-0.31%	(142.18)
Total	100.00%	50,212.30	100.00%	(4,610.76)	100.00%	45,601.54



AVANSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2026

- 44 The holding company had filed its Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI), BSE Limited, and National Stock Exchange of India Limited in connection with its Initial Public Offering (IPO) of equity shares. Final observations on the DRHP were received from the SEBI vide their letter dated October 23, 2024 whereby the Company could open its IPO for subscription within a period of 12 months from the date of the letter. The Company decided not to proceed with the IPO plan at this point in time. Accordingly, the expenses incurred towards the proposed IPO were apportioned between the Company and the selling shareholders in proportion of the fresh issue and offer for sale. The Company's share of expenses aggregating ₹ 569.62 lakhs was charged off to the Statement of Profit and Loss during the year ended March 31, 2026.
- 45 In compliance with Section 128 of the Companies Act, 2013 read with proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, the Group uses an accounting software and loan management software for maintaining its books of accounts which has a feature of recording audit trail (edit log) which has operated throughout the year for all relevant transactions. There were no instances of the audit trail feature being tampered with in relation to these softwares at application level as well database level. In case of logs at database level for accounting software, the Group has relied on Type 2 Soc 1 Report issued by an independent service auditor. Also, the audit trail has been preserved by the Group as per the statutory requirements for record retention.
- 46 The financial statements were approved by the Board of Directors on April 28, 2026.
- 47 Previous year figures have been regrouped/ reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

The accompanying notes form an integral part of the Consolidated Financial Statements 1 to 47.

**In terms of our report attached
For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration
No. 001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration
No. 105215W/W100057

**For and on behalf of the Board of Directors of
Avanse Financial Services Limited**

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 28, 2026

Pinky Nagdev
Partner

Membership No. 130815
Place : Mumbai
Date : April 28, 2026

Rakesh Bhatt
Director

DIN - 02531541
Place : Mumbai
Date : April 28, 2026

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai
Date : April 28, 2026

Shailendra Dhupiya
Chief Financial Officer
Place : Mumbai
Date : April 28, 2026

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 28, 2026



Avanse Financial Services

4th Floor, E Wing, Times Square
Andheri – Kurla Rd, Gamdevi, Marol, Andheri East
Mumbai – 400 059, Maharashtra

Contact number: 1-800-266-9722
Website: www.avanse.com

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