NOTICE

Notice is hereby given that the 30th Annual General Meeting ("**AGM**") of the Members of Avanse Financial Services Limited ("**Company**") will be held on Wednesday, September 27, 2023, at 4.30 PM through Video Conferencing ("**VC**") / Other Audio Visual Means ("**OAVM**") to transact the business mentioned hereinafter.

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company situated at 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099, which shall be deemed venue of the AGM.

ORDINARY BUSINESS:

Item No. 1:
To receive, consider and adopt:

a. the audited Financial Statements of the Company for the financial year ended March 31, 2023, together with the Board's Report and the Auditors' Report thereon;
b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023, together with the Auditors' Report thereon.

Item No. 2:
To appoint a Director in place of Mr. Amit Gainda (DIN 09494847) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 3:
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 Rule 14 of 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 modification(s) or re-enactment(s) 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 Securities and Exchange Board of India ("**SEBI**") (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, 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) ("**FEMA**") and any rules and / or regulations made thereunder, 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, rules, regulations, guidelines, notifications, circulars and clarifications, as amended from time to time, promulgated or issued by the GOI, the Ministry of Corporate Affairs ("**MCA**"), the Reserve

Bank of India ("**RBI**"), SEBI, any stock exchange, where the Debentures of the Company 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 in pursuance to the approval 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 any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), the approval of the Members 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 or at premium, 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, during a period of 1 (one) year from the date of passing of this resolution, at such time or times, at such price or prices subject to compliance with all applicable laws, through issue of placement document or memorandum or general information document or key information document and / or prospectus (including but not limited to shelf prospectus, prospectus, tranche prospectus and abridged prospectus), and / or letter of offer and / or any other permissible mode / requisite offer 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 aggregate amount of the Debentures to be raised shall not exceed the overall borrowing limit of the Company as approved by the Members of the Company from time to time;

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorised 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 members of the Company."

Item No. 4:
Alteration in the Articles of Association ("AOA") of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 5, 14 and all the other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder (including any statutory modification(s), enactment(s), amendment(s) or re-enactment(s) thereof for the time being in force), such other statues, acts, laws, rules, regulations, guidelines, circulars, notifications, orders, directions, as may be applicable, and further pursuant to the applicable provisions of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, and subject to the necessary approval(s), permissions, consents and sanctions, if any, from any statutory, governmental, regulatory or other authority / body, the consent of Members of the Company be and is hereby accorded for insertion of the following, after Article 151, in the Articles of Association of the Company and the amended Articles of Association of the Company, as circulated to the members and also tabled before the meeting be and is hereby approved and adopted;

"**NOMINEE DIRECTOR OF DEBENTURE TRUSTEE**

151A.

(a) In the event of any default committed by the Company as mentioned in clause (e) of sub-regulation (1) of Regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 ("the Default"), a debenture trustee in respect of any outstanding non-convertible debentures issued by the Company that are listed on BSE Limited or National Stock Exchange of India Limited ("Trustee") shall have the right, to nominate a Director ("Trustee Nominee Director") on the Board of Directors of the Company, and to remove from office any Trustee Nominee Director and to appoint another in his / her place or in the place a Trustee Nominee Director who resigns or otherwise vacates his / her office, in accordance with the applicable provisions of the Act, the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 ("Debenture Trustee Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, or any other Applicable Law, regulatory or listing requirements or terms and conditions of issued non-convertible debenture ("Applicable Laws for Nomination").

(b) Any such nomination, change of Trustee Nominee Director, removal of Trustee Nominee Director shall be made in writing and shall be served by the Trustee at the registered office of the Company ("Notice by Trustee").

(c) Upon receipt of the Notice by Trustee, the Board shall appoint Trustee Nominee Director on the Board of Directors of the Company in accordance with Applicable Laws for Nomination.

(d) A Trustee Nominee Director shall be deemed to have vacated his / her office as Director on the Board of Directors of the Company from the date of such Trustee Nominee Director becoming disqualified to be a director on the Board of Directors of the Company pursuant to the provisions of the Act OR from the date of making good the Default by the Company OR from the date of appointing another person a Trustee Nominee Director pursuant to any Notice by Trustee OR from the date of removal of such Director by the Trustee pursuant to any Notice by Trustee OR from the date of the Trustee ceasing to be a debenture trustee of the Company OR any other date from which Trustee Nominee Director cease to be a Trustee Nominee Director pursuant to the Applicable Laws for Nomination, whichever is earlier.

(e) This Article 151A shall automatically cease to apply upon the Company ceasing to hold any outstanding listed non-convertible debentures."

RESOLVED FURTHER THAT the Board of Directors the Company be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary to give effect to these resolutions 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 of Directors to secure any further consent or approval of the members of the Company."

Item No. 5:
Increase in the borrowing limit of the Company

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

"**RESOLVED THAT** in suppression of the special resolution passed by the Members of the Company at their extra-ordinary general meeting held on March 7, 2018 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013 read with the rules framed thereunder (including any statutory modifications or re-enactments thereof), and such other statutes, acts, laws, rules, regulations, guidelines, circulars, notifications, orders, directions, as may be applicable ("**Applicable Laws**"); and further pursuant to the relevant provisions of the memorandum of association and articles of association of the Company, the approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to borrow money for and on behalf of the Company, from time to time, in Indian Rupees and / or in any foreign currency and / or digital currency: (i) by way of availing of credit facilities (fund based and non-fund based) and all kinds of financial assistance by all permissible methods, with or without any security and / or guarantee, from banks, financial institutions, all India financial institutions, mutual funds, pension funds, superannuation funds, insurance companies, non-banking finance companies, housing finance companies, foreign institutional investors, foreign portfolio investors, qualified institutional buyers, state industrial corporations, body corporate(s), Governments, Municipal bodies, multinational bodies, HUFs, firms, LLPs, individuals, trusts, SPVs or any other person or sources ("**Lender(s)**") or (ii) by way of issue or conversion of any instruments including but not limited to debentures, subordinate debts, bonds, perpetual debt instruments, commercial papers, external commercial borrowings or any other eligible instruments to the eligible Lenders, whether unsecured or secured by creation of mortgage, charge, hypothecation, lien, pledge or otherwise on the Company's assets and properties, whether movable or immovable, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate, for the time being, of the paid-up capital, free reserves and securities premium of the Company, provided however, that the total amount borrowed / to be borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and outstanding at any time shall not exceed Rs. 18,000 crore (Rupees Eighteen Thousand Crore only) ("**Borrowing Limit**");

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary to give effect to these resolutions 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 members of the Company."

Item No. 6:
Creation of security in connection with the borrowings of the Company

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

"**RESOLVED THAT** in suppression of the special resolution passed by the Members of the Company at their extra-ordinary general meeting held on March 7, 2018 and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 read with the rules framed thereunder (including any statutory modifications or re-enactments thereof), and such other statutes, acts, laws, rules, regulations, guidelines, circulars, notifications, orders, directions, as may be applicable ("**Applicable Laws**"); and further pursuant to the relevant provisions of the memorandum of association and articles of association of the Company, the approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to create encumbrance, charge or security, by whatever name called, including but not limited to by way of mortgage, pledge, hypothecation or lien (hereinafter referred to as "**the Charge**") whether in addition to or replacement of any existing Charge or otherwise, as may be necessary from time to time, on the assets and properties of the Company (movable and / or immovable) including but not limited to the book debts and receivables, and further including the whole or substantially the whole of the undertaking(s) of the Company wherever situated, (hereinafter referred to as the "**Assets of the Company**"), both present and future, whether presently belonging to the Company or not, including any enhancement therein, in favour of any banks, financial institutions, all India financial institutions, mutual funds, pension funds, superannuation funds, insurance companies, non-banking finance companies, housing finance companies, foreign institutional investors, foreign portfolio investors, qualified institutional buyers, state industrial corporations, body corporate(s), Governments, Municipal bodies, multinational bodies, HUFs, firms, LLPs, individuals, trusts, SPVs or any other person or sources ("**Lender(s)**"), any trustee, authorized representative or agency and / or in favour of such person or entities as may be required under any terms and conditions agreed by the Board while availing such borrowing or as may be required under the Applicable Laws, to secure any payment, repayment, togather with any interest, damages, premium, pre-payment, redemption, charges, expenses or any sum of money, as may be agreed or required to be paid by the Company in respect of the borrowings of the Company within the aggregate borrowing limits as approved by the Members, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, from time to time;

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary to give effect to these resolutions 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 members of the Company."

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

RAJESH PRAVINKUMAR GANDHI
Digitally signed by RAJESH PRAVINKUMAR GANDHI
Date: 2023.09.05 14:55:21 +05'30'

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

Date: September 5, 2023
Place: Mumbai

Registered Office:

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

Notes:

1. **Explanatory Statement:** The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("**the Act**") relating to the Special Business (Item No. 3 to 6) to be transacted at the AGM is annexed hereto. Additional information with respect to Ordinary Business set out at Item No. 2 is annexed hereto.

2. **Convening of AGM through VC / OAVM:** In compliance with the General Circular no. 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs ("**MCA**") read with General Circular no. 02/2022, 20/2020, 17/2020 & 14/2020 dated May 5, 2022, May 5, 2020, April 13, 2020, April 8, 2020 respectively (collectively referred to as "**MCA Circulars**"), the Company will conduct the AGM through VC / OAVM.

3. **Quorum:** Pursuant to the abovementioned MCA Circulars, physical attendance of the Members will not be required at the AGM, and attendance of the Members through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

4. **Proxy:** Since the AGM is being held through VC / OAVM, physical presence of the Members has been dispensed with. Accordingly, the facility for appointment of proxy(ies) by the Members will not be available for the AGM and hence the proxy form, attendance slip and route map are not annexed to this notice. However, in pursuance of Section 113 of the Act, representatives of the Corporate and other Non-individual members may be appointed for the purpose of voting or for participation and voting in the AGM. The Corporate Members 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 before the commencement of the AGM.

5. **Electronic dispatch of Notice and Annual Report:** In compliance with the aforesaid MCA Circulars, notice of the AGM along with the Annual Report for the financial year ended March 31, 2023 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depository(ies). Members can request for hard copy of the Annual Report & AGM notice by sending a request at Companysecretary@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 Members 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 Member 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, Members can cast their vote during the AGM by sending an email to Companysecretary@avanse.com from their registered email addresses.

7. **Instructions for members 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 persons entitled to attend the AGM separately. Members 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 Members 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. The Members 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. Members 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. Members who need technical assistance before or during the AGM, can contact the undersigned 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, Members 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 and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Act will be available for electronic inspection without any fee by the Members from the date of circulation of this Notice upto the date of AGM and also during the AGM. Members seeking to inspects the documents may send an e-mail to companysecretary@avanse.com or rajesh.gandhi@avanse.com.

   All the relevant documents referred to in the Notice, including explanatory statement, will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect the documents may send an e-mail to companysecretary@avanse.com or rajesh.gandhi@avanse.com.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE ACT

The following Explanatory Statement pursuant to Section 102 of the Act sets out all material facts relating to the Special Business mentioned in Item no. 3 to 6 of the accompanying notice of the 30th Annual General Meeting of Avanse Financial Services Limited ("**AGM**").

Item No. 3:
Issue of Non-Convertible Debentures

To meet its fund requirements, your Company has been issuing non-convertible debentures / Bonds ("**NCDs**"), 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 Companies Act, 2013 ("**the Act**"), the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and other applicable statues, acts, laws, guidelines and directions.

The Members of the Company at their 29th Annual General Meeting held on September 27, 2022, approved the issuance of NCDs on a private placement basis up to an amount of Rs. 3,000 crore (Rupees Three Thousand Crore only) during a period of one year from the date of the said AGM.

The Board of Directors of the Company ("**the Board**") at its meeting held on May 5, 2023 has proposed, looking at the growth of the business of the Company, to approve an enhanced limit of Rs. 5,000 crore (Rupees Five Thousand Crore only) for raising funds by way of issue of Secured / Unsecured / Perpetual / Senior / Subordinated / Market Linked or such other form of NCDs by way of public issue, private placement or any combination thereof or by any other permissible mode in one or more tranches / series.

Pursuant Section 42 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, prior approval of the Members of the Company by way of Special Resolution is required once in a year for all the offer or invitation for issue of NCDs 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 NCDs 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. 3 of the Notice convening AGM) for an amount up to Rs. 5,000 crore (Rupees Five Thousand Crore only) 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 May 5, 2023.
2	Kind of securities offered and the price at which security is being offered	NCDs having such face value and at such 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	Intention of promoters, directors or key managerial personnel to subscribe to the offer / Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects of the offer.	Presently, the promoters, directors or key managerial personnel of the Company do not intend to subscribe to the offer. Any such contribution shall be subject to and in compliance with the applicable laws.
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.

Therefore, the approval is sought from the Members in connection with the aforesaid issue of NCDs and to authorize the Board to issue NCDs upto an amount of Rs. 5,000 Crore (Rupees Five Thousand Crore only) as stipulated in the resolution set out in Item No. 3, during the period of one year from the date of passing of the said resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3 of the accompanying Notice.

The Board recommends passing of the Special Resolution as set out at Item No. 3 of the accompanying Notice, for approval of the Members of the Company.

Item No. 4:
Alteration in the Articles of Association ("AOA") of the Company

As per the SEBI (Debenture Trustee) Regulations, 1993, it is the duty of a debenture trustee to appoint a nominee director on the Board of the issuer company in the event of:

i. Two consecutive defaults in payment of interest;
ii. Default in creation of securities;
iii. Default in redemption of debentures.

The SEBI has vide an amendment to the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 dated February 2, 2023 mandated the issuer companies to alter its Articles of Association on or before September 30, 2023 to contain a clause mandating its Board of Directors to appoint the person nominated by the Debenture Trustee in case of the aforesaid default by the Company.

In view of the aforesaid requirement, your Company, whose debentures are listed on BSE Limited, is required to amend its AOA on or before September 30, 2023.

Therefore, the approval is sought from the Members for alteration in the AOA of the Company to include a new Article in the AOA as mentioned in the special resolution set out in Item No. 4 of the Notice.

Copy of the Articles of Association of the Company together with the proposed modification will be available for electronic inspection without any fee by the Members, as provided in Note No. 4 of the Notes to this AGM Notice. Any Member wishing to inspect the same is requested to send a request at Companysecretary@avanse.com or at rajesh.gandhi@avanse.com in this regard.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 of the accompanying Notice.

The Board recommends passing of the Special Resolution as set out at Item No. 4 of the accompanying Notice, for approval of the Members of the Company.

Item No. 5 & Item No. 6:
Increase in the borrowing limit of the Company and Creation of security in connection with the borrowings of the Company

As per the provisions of section 180(1)(c) of the Act, the Board of Directors of the Company can exercise the power to borrow money(ies) in excess of aggregate of its paid-up share capital, free reserves and securities premium (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), only with the consent of the Members by a Special Resolution.

The Members have, by way of a Special Resolution passed at their Extra-Ordinary General Meeting held on March 7, 2018, authorised the Board of Directors to borrow monies up to Rs. 15,000 crore (Rupees Fifteen Thousand Crore) outstanding at any point of time for the purpose of business of the Company and have also authorised the Board of Directors to create security or charge in favour of the lenders, financial institutions, banks, debenture trustee in connection with and upto the said borrowing limits.

The Company is a non-banking financial company and primarily engaged in the business of education loan. For the purpose of onward lending to its customers, general corporate purpose and/or meeting its working capital requirements, it is required to borrow funds through various sources including issue of NCDs, availing term loans, bank loans, cash credit etc. in the normal course of business.

During FY2023, the Assets Under Management ("AUM") of the Company stood at Rs. 8,646.07 crores. Considering the growth trajectory and further expansion of the Company's business and to meet the increased financial needs and budgeted disbursements, it is proposed to increase the borrowing limits from Rs. 15,000 crore to Rs. 18,000 crore, as stated in the Resolution No. 5 of this Notice.

The Board of Directors of the Company consider that the increase in mobilization of funds is necessary for the Company's growing business. The Company will continue to maintain capital adequacy ratio as per the regulatory requirement of the Reserve Bank of India and comply with other applicable statutory requirements.

Further, in terms of Section 180(1)(a) of the Act, any proposal to sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertaking(s), requires the approval of the Members by way of a Special Resolution. In connection with the secured borrowings, the Company is required to create security by way of charge / hypothecation / lien of movable or immovable properties of the Company, both present and future, in favour of the bank(s), financial institution(s), debenture trustees, security trustees etc. in such form, manner and ranking as may be agreed with the lenders including modification / satisfaction thereof from time to time, within the aggregate limits as approved by the shareholders pursuant to Section 180(1)(c) of the Act.

The creation of charge or security may be construed as sale, lease or disposal of whole or substantially the whole of the Company's undertaking. Accordingly, the approval of the Members is being sought for increasing the limits of borrowing of the Board and to secure such borrowings by way of charge / hypothecation of movable or immovable properties of the Company, as set out at Item Nos. 5 & 6 of this Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 and 6 of the Notice.

The Board recommends passing of the Special Resolution as set out at Item No. 5 and 6 of the Notice, for approval of the Members of the Company.

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

RAJESH PRAVINKUMAR GANDHI

Digitally signed by RAJESH PRAVINKUMAR GANDHI
Date: 2023.09.05 14:55:56 +05'30'

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

Date: September 5, 2023
Place: Mumbai

Registered Office:

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

ANNEXURE

Details of Director seeking re-appointment vide this Notice, pursuant to Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India:

Name of the Director	Mr. Amit Gainda
Director Identification Number	09494847
Age (in years)	48
Qualification	Post Graduate Programme in Management from International Management Institute (IMI) and Executive Education Programme from INSEAD
Brief Profile and Experience	Mr. Amit Gainda has an illustrious career spanning over two decades in BFSI sector. Mr. Amit has built business focused on sustained growth and profitability through decisive strategic choices in business, people, technology and other organizational competencies. Under his strategic guidance and vision, the Company has strengthened its leadership position in the education financing segment. He possesses expertise in implementing robust strategic and incorporating significant changes to adopt to the dynamic business environment.
Terms and Conditions of re-appointment	As approved by the Members vide an ordinary resolution passed at the extra-ordinary general meeting of the Company held on May 6, 2022.
Remuneration proposed to be paid	As approved by the Members vide an ordinary resolution passed at the extra-ordinary general meeting held on May 6, 2022, as updated from time to time pursuant to the said resolution.
Remuneration last drawn	As mentioned in the Annual Return (Form No. MGT-7) of the Company for the Financial Year 2022-23, the copy of which is available on the website of the Company at www.avanse.com.
Date of first appointment on the Board	March 2, 2022
Shareholding in the Company	Nil
Relationship with other Directors, Manager and Key Managerial Personnel	No
Number of Meetings of the Board attended during the Financial Year 2022-23	Attended 9 (nine) Board Meetings held during the Financial Year 2022-23
List of other Directorships as on date of this Notice	Non-Executive Director on the Board of Avanse Global Finance IFSC Private Limited, wholly owned subsidiary of the Company.
Memberships / Chairmanship of Committees of other Board	Nil

10 Years of Fulfilling Education Aspirations

AVANSE FINANCIAL SERVICES
ASPIRE WITHOUT BOUNDARIES

EnlighTENing

THE PATH TOWARDS UPWARD MOBILITY

Annual Report 2023

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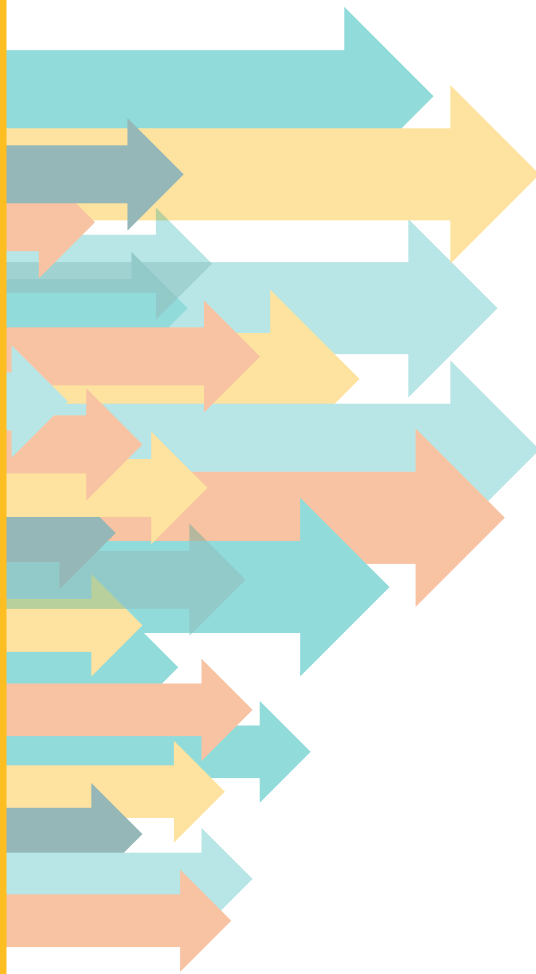
EnlighTENing the Path Towards Upward Mobility

Avanse Financial Services Limited (Avanse) is a new-age, education-focused, technologically advanced Non-Banking Financial Company (NBFC). Over the last decade, it has provided seamless and affordable education financing to over ~3.5 Lakh deserving Indian students and enabled them to fulfil their academic aspirations. Furthermore, it has also offered growth and working capital to ~1.2K educational institutes catering to ~5-6 Lakh students.

Since its establishment in 2013, Avanse has strengthened its position in the education lending space by creating hyper-personalised solutions for students and for the development of the education infrastructure of the country.



Mission

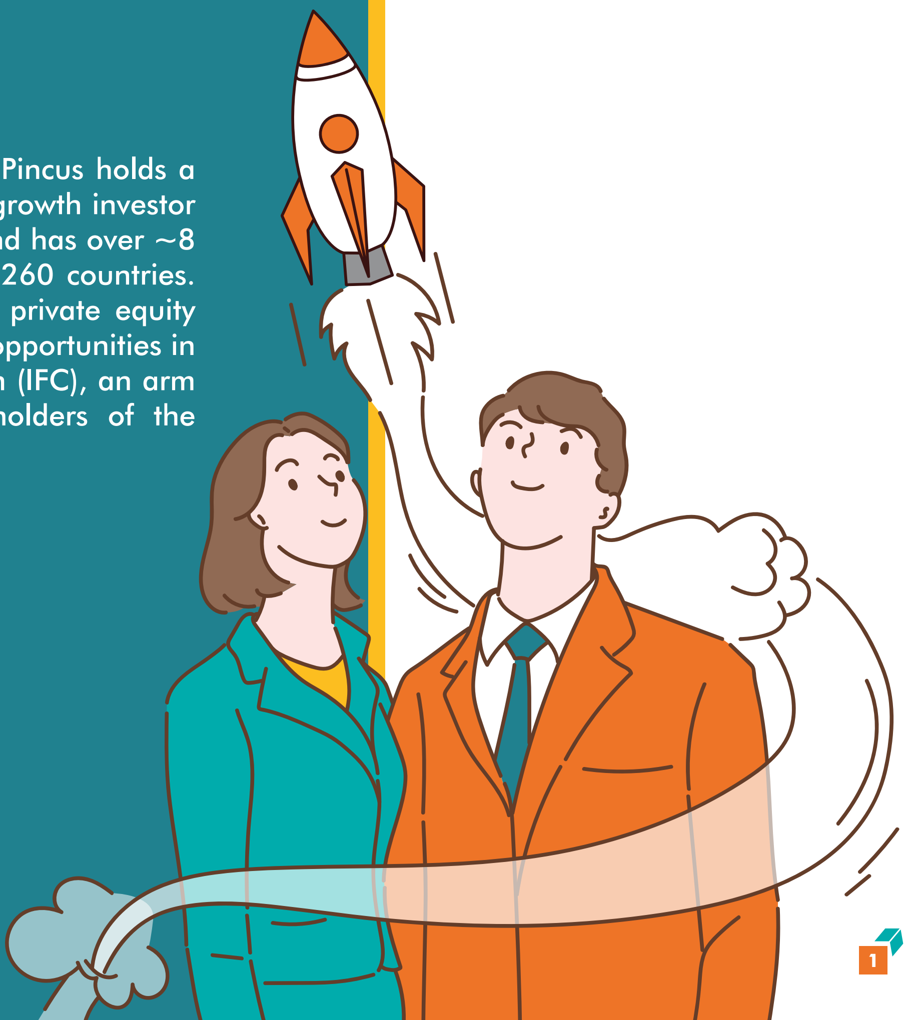
Making education financing seamless and affordable for every deserving Indian student

Purpose

Democratising education and education financing in India

Parentage

Leading global private equity firm Warburg Pincus holds a majority equity stake in Avanse. The global growth investor is known for its highly diversified portfolio and has over ~8 Billion in assets under management across 260 countries. Kedaara Capital, an operationally oriented private equity firm pursuing control & minority investment opportunities in India, and International Finance Corporation (IFC), an arm of the World Bank, are the other shareholders of the organisation.



Geographic Footprint

Avanse Financial Services caters to India's education ecosystem across ~500+ locations. We primarily operate from our Corporate Office, 12 branches and 5 sales representative offices.

Corporate and Registered Office

Branches

Sales Representative Office

Board of Directors

Neeraj Swaroop (Chairman and Independent Director)

Neeraj is a professional with almost four decades of experience. He has leveraged his experience and expertise to build businesses across Asia. Before taking on the role of Professor and Head at the Centre for Financial Studies at the S. P. Jain Institute of Management and Research, he was the CEO for Standard Chartered Singapore, South East Asia and South Asia. He holds a Mechanical Engineering degree from IIT – Delhi, a post-graduate diploma in Business Administration from IIM – Ahmedabad and a post-graduate degree in Retail Bank Management from the University of Virginia.

Vijayalakshmi Iyer (Independent Director)

Vijayalakshmi was previously a member of IRDAI, CMD of the Bank of India, and is the Former Executive Director of the Central Bank of India. She had been on the advisory board of several committees, including the Committee on Corporate Bond Market (SEBI), the National Institute of Bank Management, and the Wage Negotiation Committee – Indian Banks Association (IBA). Vijayalakshmi was also the Head of the Risk Management Committee at IBA. She is a Commerce graduate and a fellow of CAIIB of the Indian Institute of Banking and Finance.

Narendra Ostawal (Non-Executive Director)

Narendra is the Managing Director of Warburg Pincus India Pvt. Ltd. As a part of his role, he leads investment evaluation and has been instrumental in deals with Kotak Mahindra Bank, Capital First Limited, and AU Small Finance Bank Limited. Along with all his other responsibilities, he also serves as the Nominee Director on the Board of AU Small Finance Bank Limited and Capital First Limited. He completed his CA & MBA degrees from IIM - Bangalore.

V. Ravi (Independent Director)

Ravi is the former Executive Director & Chief Financial Officer of Mahindra & Mahindra Financial Services. He was a member of the core team that was instrumental in setting up and scaling five companies of the Mahindra Group. Ravi brings four decades of experience as a senior finance professional, covering many facets of the BFSI sector, including finance & treasury, risk management, strategic business planning, and audit. During his professional journey, he worked with esteemed organisations such as Mahindra & Mahindra Financial Services, Mahindra Ugine Steel Company Ltd., and many more companies across the sector.

Savita Mahajan (Independent Director)

Savita is the Former Deputy Dean at the Indian School of Business (ISB) and has been associated with it since its inception in 2001. She was instrumental in building the second campus at Mohali and led the school as the CEO. Savita has around four decades of experience in consulting and training. After completing a degree course in Economics from Delhi University, she did her MBA from IIM - Ahmedabad. Over the years, Savita worked with reputed organisations like Maruti Udyog Ltd., Bharat Technologies, Karvy Consultants, and Intergraph India.

Amit Gainda (Managing Director & Chief Executive Officer)

Amit has an illustrious career spanning over two 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 and is currently one of the fastest growing education-focused NBFCs. Amit possesses expertise in implementing robust strategies and incorporating significant changes to adapt to the dynamic business environment.

Management Team

Amit Gainda (Managing Director & Chief Executive Officer)
Amit has an illustrious career spanning over two 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 and is currently one of the fastest growing education-focused NBFCs. Amit possesses expertise in implementing robust strategies and incorporating significant changes to adapt to the dynamic business environment.

Vineet Mahajan (Chief Financial Officer)
Vineet's substantial experience in the financial industry of 20+ years and a strong track record of delivering operational performance transformation, resource raising, balance sheet finalisation, budgeting, management reporting, portfolio securitisation, and more have enabled favourable financial decision-making. His in-depth knowledge of financial forecasting, cashflow management and regulatory compliance has further strengthened the organisation's financial health.

Sorabh Malhotra (Chief Risk Officer)
With over 23 years of vast experience encompassing risk, retail finance business, strategy, analytics, and collections, Sorabh has spearheaded several businesses successfully. As a key planner and effective strategist, he plays a pivotal role in identifying potential risks by designing and deploying risk and collections models. His extensive knowledge in predictive analytics brings significant insights into consumer behaviour. Sorabh possesses the expertise to manage the entire gamut of risks comprising enterprise risk, market risk, product & portfolio risk, risk containment, information security risk, and more.

Amit Yadav (Chief Strategy Officer & Chief Business Officer – Digital Business)
Amit has over two decades of experience across domains such as corporate finance, M&A and corporate strategy. He has worked extensively in the investment banking and financial services sectors across verticals such as lending, insurance and asset management. Amit's business insights enable him to evaluate profitable business opportunities aligned with the organisation's purpose and goals.

Swayam Sen (Chief People Officer)
With over 25 years of experience, Swayam has led Human Capital Management in premier multinational and Indian companies. As a strategic leader, he has spearheaded the cultural transformation that reflects in every employee of the organisation. His innovative employee engagement initiatives have enhanced employee experience. Swayam has successfully steered various HR functions over the years.

Rajiv Kumar (Chief Compliance Officer)
Rajiv has dedicated 20 years to the BFSI industry. He has comprehensive experience in Compliance, Legal, Corporate Governance, and Company Secretarial functions. His strategic direction in setting up the regulatory framework, policies and corporate governance guidelines has ensured that business processes comply with government regulations. Rajiv has effectively struck a perfect balance between compliance and organisational goals. He has successfully contributed towards managing regulatory relationships and compliance matters.

Yogesh Rawat (Chief Operating Officer)
Contributing to Avanse's journey in democratising education, Yogesh spearheads Operational Effectiveness for the entire Process Value Chain with a 'Customer-First' approach. He has over two decades of experience in the BFSI sector and an in-depth understanding of deep-tier markets and various customer segments and asset classes. An avid learner, his domain expertise in Credit, Operations, Risk & Collections, and belief in financial inclusion complement Avanse's mission of making education financing seamless and affordable for every deserving Indian student.

Samir Mohanty (Chief Transformation Officer)
Samir relies on his profound knowledge of the BFSI industry, project management and digitisation to transform Avanse's business operations, collections mechanisms, customer service, and information technology. He has over two decades of experience in financial services and manufacturing, and his deep insights enable him to strengthen digital propositions to amplify business growth.

Rajesh Kachave (Chief Business Officer – Student Lending & Insurance Business)
Rajesh has over two decades of comprehensive experience in the BFSI sector and a proven track record of quintupling books. His sharp business acumen and sound understanding of market expansion, product development, and launches, enable him to drive businesses successfully. With his domain expertise, he has scaled up the business channels and segments and redefined quality and product proposition.

Vivek Baranwal (Chief Business Officer – Institution Business & Cross-sell)
With over 20 years of experience, Vivek possesses deep insights and knowledge of India's growing financial services sector. During his professional journey, he has been focused on developing business strategies, managing credit risk and collections, providing direction towards acquiring new clients, and enhancing existing customer relations. His deep understanding of the lending and mortgage industry enabled him to define and achieve strategic goals successfully.

Ganesh Iyer (Chief Audit Officer)
Ganesh has nearly two decades of experience in enterprise-wide internal audits and risk reviews within the BFSI sector. With his excellent risk-management skills, he has formulated robust audit plans aligned with organisational objectives. He is proficient in setting up independent management assurance and audit functions, creating a robust credit policy framework, structuring credit loss forecasting mechanisms, portfolio monitoring, and risk underwriting. He possesses in-depth knowledge of governance policies, audit programmes and digitisation.

Analysis and Growth Journey for the Past

10 Years

SNAPSHOT

In 2013, Avanse Financial Services was established with the sole purpose of enabling students to achieve their academic aspirations. Its hyper-personalised student loans enabled many to achieve their education goals, and the Company envisioned doing more for the country's youth. Hence, a year later, it launched an Education Institution financing business. Through this vertical, it provided institutions with the funds required to grow and help more children gain access to quality education. Over the last decade, it has fulfilled the educational dreams of ~3.5 Lakh academic aspirants across 3,000+ institutes and 30,000+ courses in 50+ countries. The Company has also provided growth and working capital to ~1.2K educational institutes catering to ~5-6 Lakh students. With a sharp focus on "profitability & asset quality" along with a "strong balance sheet" and a "wide liability base", it has achieved unparalleled year-on-year growth. Its decade-long journey so far has been focused on enabling Indian youth to achieve **UPWARD MOBILITY.** As it starts a new financial year, it renews the commitment to making education financing seamless and affordable for every Indian.

2013

Establishment of Avanse

- Avanse was incorporated
- Launched the Education Loan business
- IFC invests in Avanse- 20% equity stake

2014

Launch of New Business

- Launched the Education Institution Loan business

2017

New Management Team

- New Management Team on board

2018

New Management & Business Growth Phase

- New management team on board
- Crossed ~₹1,000 Crore AUM
- ~₹200 Crore monthly disbursement run rate
- Executed India's first securitisation deal in education loans

2019

New Business Line Launched & Stakes Acquired by New Shareholder

- Launched Digital Business, E-tutoring and Skill Enhancement verticals
- NABARD refinancing under Social Infrastructure Loans
- Warburg Pincus acquired an 80% equity stake

2021

New Fund Line Created

- Funds raised through TLTRO 2.0 and partial credit guarantee scheme from GoI
- Raised ~$15 Mn from World Business Capital backed by US DFC via ECB route

2022

Highest-ever Business Performance Numbers

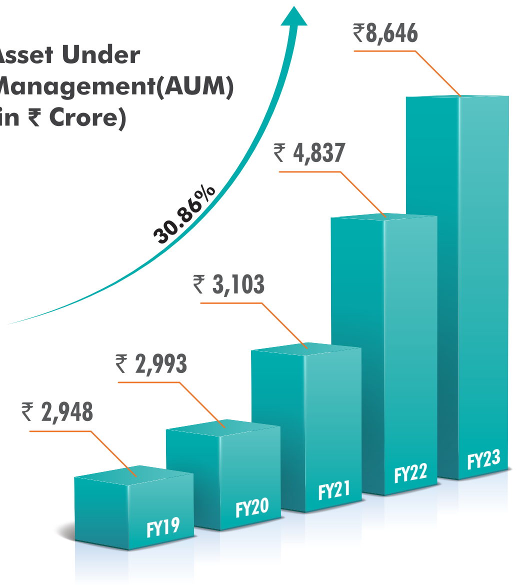
- Built robust partnerships with Credit Fair, Scienaptic, and MoneyHop; achieved highest-ever growth in the disbursement of ~₹2,927 Crore
- ~₹357 Crore raised via securitisation transaction

2023

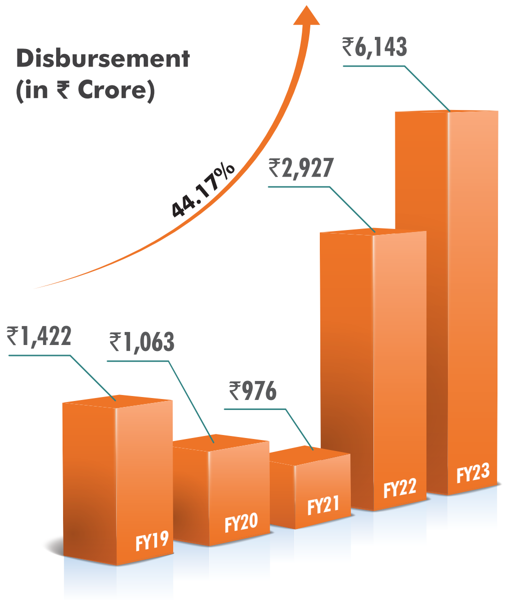
Journey of a Decade - EnlighTENing the Path Towards Upward Mobility & Welcoming a New Shareholder

- TEN years of fulfilling academic aspirations and strengthening the education infrastructure of the country
- ~₹990 Crore capital infused via existing & new shareholders
- Welcomed new shareholder Kedaara Capital on board

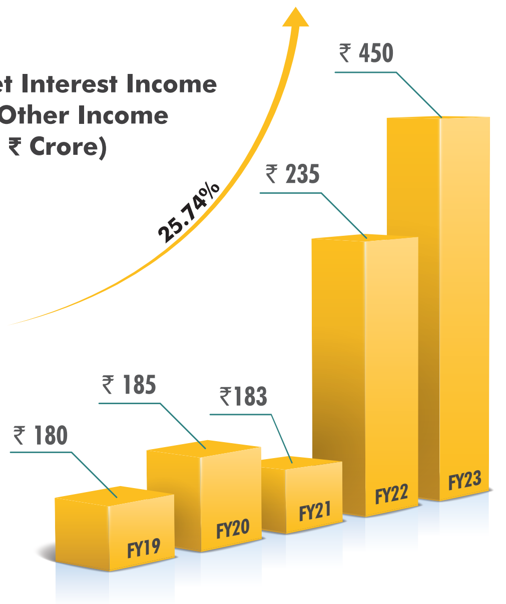
Asset Under Management(AUM) (in ₹ Crore)



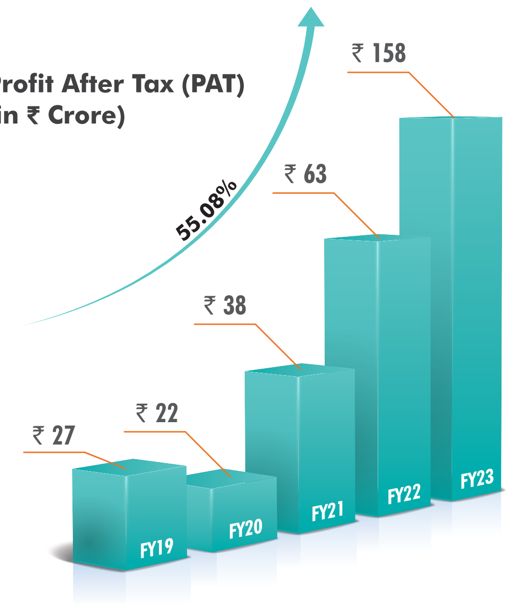
Disbursement (in ₹ Crore)



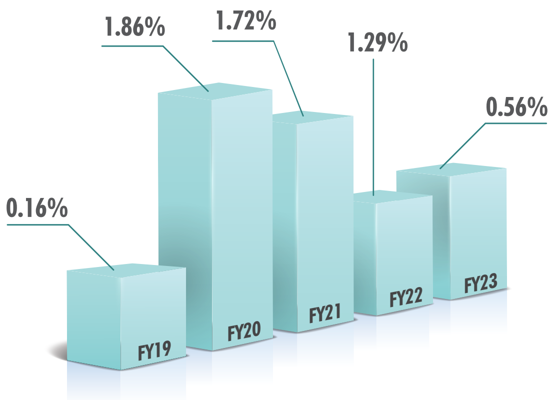
Net Interest Income + Other Income (in ₹ Crore)



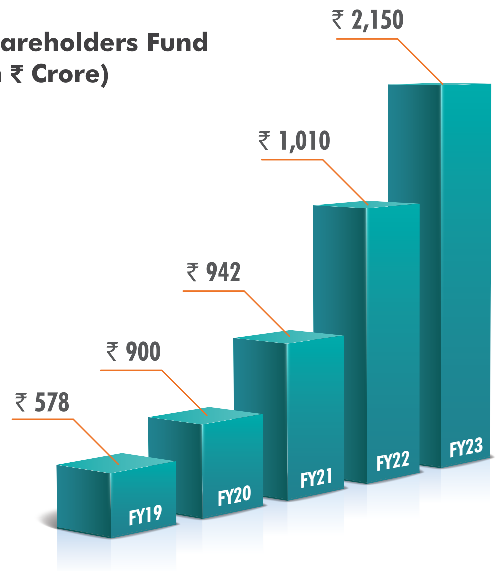
Profit After Tax (PAT) (in ₹ Crore)



Gross Non-Performing Assets (%)



Shareholders Fund (in ₹ Crore)



HAPPY CUSTOMERS

I was evaluating a non-collateral education loan and came across Avanse Financial Services. One of my friends, too, had taken a loan from them, so my decision was inclined towards Avanse Financial Services. Their team was helpful throughout my journey and hand-held me during my education loan process, which was seamless from application to disbursement.

Ashutosh Borkar

MSc in Industrial & System Engineering
University of Michigan, USA

Management Discussions & Analysis Report

Macroeconomic Overview

India is currently the world's third-largest economy by purchasing power parity (PPP). The International Monetary Fund (IMF) projects that India will become the world's fastest economy in the current fiscal year, making it a frontrunner on the global stage. According to the World Bank, India's overall growth for this year is estimated to be 6.9%, whereas the real GDP is set to grow at 7.7% YoY for the first three quarters. The growth can be attributed to various government initiatives that support economic growth, including infrastructure development, tax reforms, and financial inclusion programmes. Overall, India's economy presents significant opportunities for growth and development in the years to come.

During FY2022-23, the economy opened up completely after adjusting with the impact of the pandemic and global instability, with organisations across sectors geared up to meet the pre-pandemic consumer demands. Several factors have positively impacted the Indian market, including a surge in manufacturing activities, higher CAPEX, and near-universal vaccination coverage encouraging people to consume more products and services.

As per the Economic Survey 2022-2023, the rise in consumer prices has slowed, with the annual rate of inflation remaining below 6%. The economy's recovery after the pandemic is complete and projected to grow between 6% to 6.5% in FY24. Private consumption and capital formation have helped generate employment, evidenced by the declining urban unemployment rate and faster net registration in the Employee Provident Fund. The medium-term growth outlook remains optimistic and hopeful as the effects of the pandemic and spike in inflation subside.

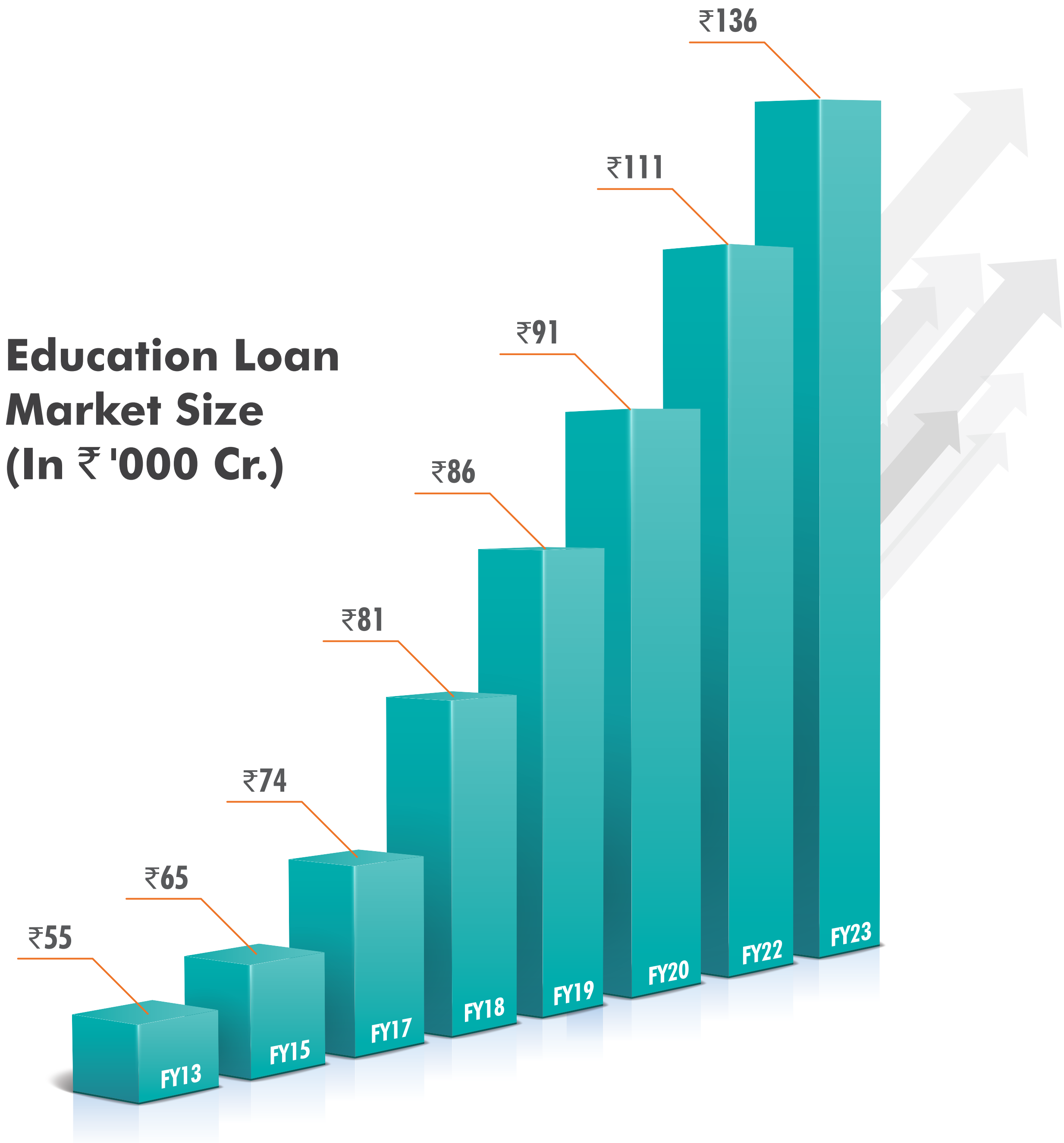
India's capital markets have done exceptionally well and have allowed record mobilisation of risk capital of Indian companies. The Sensex reached an all-time high of ~63,500 in December 2022. Both BSE Sensex and NSE Nifty key indices posted annual gains of 4% in 2022, emerging as the world's best-performing large market indices.

Timely credit availability is crucial for India's economic growth. Currently, India remains an underleveraged country, and the ratio of credit to GDP could increase from 57% to 100% over the next decade. Making credit available to a wider section of society can boost the country's holistic growth. Digital inclusion in the financial sector helps strengthen credit penetration. Financial institutions are fulfilling the diverse financial needs of customers who previously did not have access to timely credit options.

By customising financial services and offering hyper-personalised experiences, NBFCs have enjoyed significant growth over the last five years. Since FY17, the sector has witnessed a CAGR of 22%, almost double the overall bank credit growth. As of October 2022, 9,500 NBFCs are registered with the RBI with cumulative assets of ₹42.05 Lakh Crore. Credit rating agency, India Ratings and Research, expects the assets under management of NBFCs to grow 15-16%, helping new-age financiers enjoy unprecedented growth.

Education Financing Market Overview

Since time immemorial, India has placed utmost importance on quality education. Only an educated workforce can help take India's economy to new heights. Therefore, the education sector plays a crucial role in nation-building. Education financing institutions strive to offer easy availability of funds to make quality education accessible to every Indian student so they can be future-ready. Education inflation, students' high spirits to finance education independently without depending on their parents, deferred demand after the pandemic, increasing aspirations for overseas education, favourable demographics and growing awareness are some of the factors that have caused a sudden surge in demand for student loans. In 2023, the education financing sector enjoyed exceptional growth. As per the CRIF report, the student loan market as of March 2023 is ~₹136K Crore, witnessing a YoY growth of around ~23%. PSU banks hold the lion's share. However, the NBFC segment is steadily gaining market share – as of March 2023, it is at ~18.39% versus ~12.60% last year in March 2022, witnessing a YoY growth of ~79.86%.



Source: CRIF Report as of March 2023

Key Growth Drivers for Education Loans

Let's look at the various factors driving growth in the sector:

Favourable Demographics

A research report states that 40% of India's population is under 25, presenting the education sector with a huge opportunity. India has over ~265 Million school-going students in the country, and the gross enrolment ratio of secondary schools is ~80%. In 2022, Education Ministry data suggested that over ~7.50 Lakh Indian students moved abroad for their higher education, a 68% increase compared to the previous year. In 2022 alone, ~69,000 students opted for education loans to study overseas. The young population and an increase in the number of students moving overseas have helped drive growth in the sector.

As per CARE Ratings, NBFCs' retail education loan market has doubled since 2020, from 9.9% in September 2020 to 18.6% in September 2022. CARE-rated NBFCs have witnessed a growth of AUM from ₹7,738 Crore in September 2020 to ₹17,877 Crore in September 2022. According to CRISIL, NBFCs' AUM is set to witness a 40% spike for the education loan segment in the near future. The demand continues to rise due to an increase in demand for overseas education as it offers an extensive range of benefits such as quality education, globally recognised study programs, an educationally enriching environment, exposure to new cultures, developing transversal skills and research opportunities enabling them to develop the necessary academic rigour to establish a strong career trajectory. Ambition to be career ready and stay relevant in the job market drives aspirants to gain impeccable education and industry-specific skills. Hence, these aspirants turn to education loans to achieve their academic aspirations independently.

Rising Cost of Education

Education is a crucial aspect of Indian culture, making it a non-discretionary spending sector. According to a research report, educating a child at a private school in India from the age of 3 to 17 can cost ₹30 Lakhs. Between 2012 to 2020, the cost of education in India increased by around 11%. Education inflation in India has also been increasing. It rose from 3.34% in September 2021 to 5.68% in 2022. Several factors contribute to the increase in the cost of education, including skyrocketing tuition fees, travelling expenses, accommodation costs, learning devices, study materials such as books and other education-related expenses. As costs continue to rise, parents and students rely on loans to help them finance their education. Thus, education financing has been a multi-decade secular growth story in India.

Rise in Course Choice and Upsurge in Aspirants

Educational institutions today offer a plethora of options, from conventional courses to unconventional study programs, encouraging more students to pursue their passion. Apart from conventional MBA and STEM courses, institutions also offer degrees and diplomas in aviation, music, animation, cooking and more. The rising awareness of these degrees has led to more young Indian college aspirants. To stay competent, working professionals turn to executive study programs. The aspiration to gain impeccable education from well-ranked varsities to build global careers is encouraging students to opt for student loans. Also, students no longer want to depend on their parents to fulfil their academic aspirations. Instead, they prefer student loans to fund their education independently, a move that Indian parents welcome and encourage.

Increased Demand for Upskilling and Reskilling

The evolution of Artificial Intelligence (AI) could lead to a change in the way people do business. With more and more jobs getting automated or taken over by AI, employees must upskill and reskill to stay abreast of the latest developments in their sector. World Economic Forum forecasts that 40%-50% of the talent will have to reinvent themselves by opting for upskilling and reskilling programs by 2025. Students who want to be future-ready focus on gaining new skills to strengthen their domain knowledge. Considering the emerging jobs, students opt for the skilling, upskilling and reskilling programs to upgrade their knowledge and skills continuously.

Government's Focus on Education

In the Annual Budget for 2023, the Ministry of Education was allocated ₹1,12,899 Crore, an increase of over 13% from the revised estimate for 2022 to 2023. The Department of School Education and Literacy received an allocation of ₹68,805 Crore. The government's push to develop education infrastructure continues to boost growth in the education lending sector The National Education Policy (NEP) 2020 has laid a strong foundation to strengthen the education ecosystem. NEP particularly stresses on skilling the Indian youth in order to unlock lucrative career opportunities. Through programs such as Pradhan Mantri Kaushal Vikas Yojana 4.0, India aims to skill lakhs of students in the next three years. This scheme will focus on areas such as coding, Artificial Intelligence (AI), robotics, mechatronics, IoT, 3D printing and drones. The government envisions Skill India digital platform to cater to the skilling needs, offer easy access to entrepreneurship schemes, and connect job-seekers with employers. Centres of Excellence for Artificial Intelligence will be set up in varsities to provide the right learning platforms and conduct research to innovate the AI industry. Such government initiatives provide the much-needed educational infrastructure, support and encouragement to the Indian youth.

Hyper-personalised Financing Solutions

Avanse prides itself on offering hyper-personalised education financing solutions. Its range of solutions covers all student requirements to fund their studies independently. It also provides financing options for the working and growth capital needs of India's educational institutes.

Student Loans

The Company offers multiple financing options to students to help them with their education needs. The offerings include:

- Loans for Higher Education in India
- Loans for Higher Education Abroad
- Student Loan Refinancing
- Short-Term Loans

Professional Loans

Entrepreneurs, people in the corporate world and those looking to boost their prospects can benefit from:

- Skill Enhancement Loans
- Executive Education Loans

Institution Loans

Avanse provides loans that help educational institutions in India with their working and growth capital needs:

- Loan for Education Institutions
- Social Infrastructure Loans

Our Performance Overview

The Company focuses on building an institution with a long-term view designed for continued operational efficiencies and sustained profitable growth. It relies on the following guiding pillars to build a strong franchise:

Governance, Risk, Compliance and Controllership (GRCC)

The Company constantly works on building and strengthening the Corporate Governance Framework and Integrated Enterprise Risk Management. The Risk Management Committee (RMC) meets quarterly to discuss the holistic review of operational risks across all businesses and functions. As a part of the risk identification, measurement and review process, Avanse has defined, metricised and measured comprehensive risk variables. These enable the Company to promptly monitor, report, control and mitigate risks.

Liability-First Approach

Avanse has created an organisation and quality product portfolio that proactively addresses the needs of rating agencies and liability providers. It has framed robust strategies to ensure width and depth in the organisation's borrowing approach. It has always been focused on successfully managing assets and cash flows to ensure timely pay-outs of all its liabilities, enabling the Company to maintain a strong ALM with positive mismatches across all buckets.

Asset Build with Strong Segment-led Approach

Avanse possesses a deep sector specialisation in the education financing domain and understands, reaches and services customers better with hyper-personalised product offerings. It prides itself on the student-centric approach it takes while evaluating profiles for education loans. Rather than depending only on the co-borrower's financial background, Avanse evaluates the student thoroughly through parameters such as past academic performance, entrance test scores, the pedigree of the university/institute and courses, continuity in education and more. It has set benchmarks by fulfilling the academic aspirations of ~3.5 Lakh students across 30,000+ courses and 3,000+ institutes in ~50+ countries.

Hybrid Operation Model (PHYGITAL Operation Model)

The hybrid operating model of Touch and Tech, comprising best practices of traditional lenders and new-age fintech players across the value chain, helps the Company create a digitally agile and data-centric organisation. Avanse's unique model enables superior customer experience and drives operational efficiencies while ensuring risk management and asset quality.

Business Performance Numbers

The total AUM of the organisation stands at ~₹8,646 Crore, achieving 1.8x growth over FY22, and total disbursement is ~₹6,143 Crore, a 2.1x increase over FY22. Over the past few years, there has been a substantial rise in the number of students seeking higher education opportunities abroad. During FY2022-23, the organisation witnessed a significant demand for student loans from tier II & III cities apart from metros and tier I cities.

6,068 Crore
Student Loans

1,744 Crore
Institution Loans

64 Crore
Discontinued

769 Crore
Digital/ E-learning

The Company has honoured all its debt obligations on time. Its capital and liquidity positions remain strong.

Asset Quality

The Company employed a structured collection process wherein it reminds the customers of their payment schedules and performs predictive analytics to foresee the probability of default, which helps in obtaining early signals of potential defaults and initiating action to mitigate risks. In line with this, it invested in collection efficiency with a renewed focus to keep the NPAs on track as usual.

As of March 31, 2023, the company's GNPA is at ~₹ 47.21 Crores, which is 0.56% of the overall loan book. Out of the overall GNPA of ₹ 47.21 Crores, a part of the book, ~₹ 14.16 Crores, has been discontinued, which is a non-education-focused book. For the continued education-focused book, the GNPA stands at 0.40%. Overall Provision Coverage Ratio (PCR) stands at a very healthy rate of 69%.

Borrowing

The borrowing profile of the company continues to remain well diversified, focusing on building a further diversified funding mix. During the financial year ending March 31, 2023, the company primarily raised long-term debt through Term Loans and Non-Convertible Debentures. The company ensured that enough liquidity was available throughout the year not only to meet debt servicing requirements but also to support the strong demand from businesses. Total borrowings from Banks/FIs in the form of term loans stood at ~₹ 3,872 Crores as on March 31, 2023. Similarly, total borrowings from Non-Convertible debentures and External Commercial Borrowings stood at ~₹ 2,901 Crores and ~₹ 109 Crores respectively.

The company's total borrowing stands at ~₹ 6,882 Crores, and all the decisions taken related to the segment have resulted in it becoming one of the leading education-focused and digitally agile NBFCs in the market.

Credit Ratings as on May 17, 2023

The following table sets forth the Company's credit ratings:

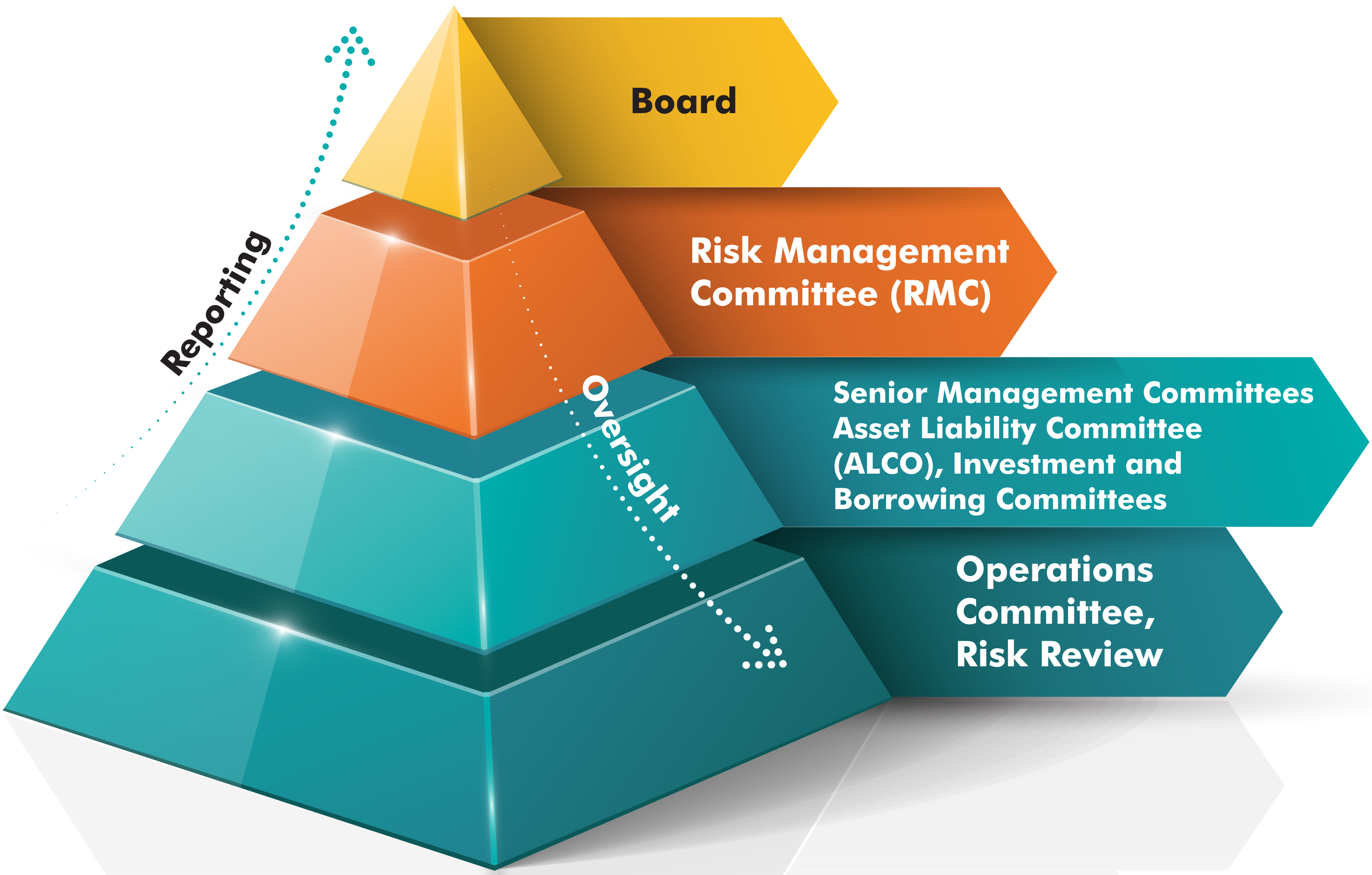
Rating Agency	Instrument	Credit Ratings
CARE Ratings Ltd.	Credit Rating for ₹7,200 Crore Long-term bank facilities	CARE AA-; Stable (Double A Minus; Outlook: Stable)
	Credit Rating for ₹1,000 Crore Market Linked Debentures	CARE PP-MLD AA-; Stable (Principal Protected- Market Linked Debentures Double A Minus; Outlook: Stable)
	Credit Rating for ₹2,925 Crore Non-Convertible Debentures (Including Subordinated Debt)	CARE AA-; Stable (Double A Minus; Outlook: Stable)
	Credit rating for ₹150 Crore Commercial Papers	CARE A1+ (A One Plus)

Risk Management

Risk management is an integral part of Avanse's business strategy. The Risk Management Committee (RMC) manages the risk management framework. They meet quarterly and complete a comprehensive risk review by comparing the defined risk parameters and appetite. The comprehensive Enterprise Risk Management (ERM) framework and policy govern the Risk Management process. It outlines guidelines for risk identification, assessment, and monitoring. It is an ongoing process supported by a robust risk-reporting framework.

Risk Management is engrained in the day-to-day activities of the businesses by way of policies, procedures and reviews on an ongoing basis. Each business vertical has a well-defined tolerance level for various indicators as a part of the budgeting process at the beginning of the year. There is a rigorous monthly review mechanism in the organisation. The Risk team is a part of all business reviews, and all relevant stakeholders attend the risk review to discuss mitigation plans for key risks highlighted by the Risk team.

Avanse's board has institutionalised the Risk Management Committee (RMC) to review the Risk Governance in the organisation. Various other senior management committees help strengthen and monitor the risk framework across the organisation.



Risk Management Process

The risk management process starts with identifying the key risks for the entity, followed by regular assessment of these risks, mitigation, monitoring and reporting. A key aspect is regular improvements and incorporations of the learnings in day-to-day policies and processes.

Step 1: Defining the Risk Universe of the Entity:
Organisations are exposed to various risks which need to be well-defined and documented in the organisational context. At Avanse Financial Services, a well-defined universe has been laid out to enable risk identification and mitigation.

Sl. No	Key Risk Categories	Key Risk Categories	Brief Description
1	Credit Risk	Default	Risk of loss on account of default by the other party to adhere to the financial contract
		Concentration	Risk of loss due to high concentration to a particular geography/borrower profile etc.
		Collateral	Risk due to collateral not being enforceable, errors in terms of nature/pricing etc.
2	Operational Risk	Process	Risk of loss resulting from inadequate or failed internal processes, people and systems or external events, including fraud risk.
		People	
		Systems (Information Technology)	
3	Market Risk	Liquidity Risk	Loss on account of asset liability mismatch and failure to meet obligations when due.
		Interest Rate Risk	
		Forex Risk	Loss on account of adverse changes in interest rates and foreign exchange movement.
4	Other Risks	Reputation Risk	Loss on account of external events that may adversely impact the reputation or brand of the organisation
		Brand Risk	
		Compliance Risk	Loss on account of failure to comply with regulatory guidelines and requirements
		Cyber & Information Security Risk	Loss of account of instances of cyberattacks, data theft, pilferage etc.
		Emerging and External Risks	Loss on account of certain external events, which may be natural calamities/wars/competition, regulatory guidelines etc., beyond the control of the entity.

Avanse has implemented an Enterprise Risk Framework where each of the Risk categories has defined KRIs, process owners, and thresholds (for each KRI) which have been formulated. Detailed KRI dashboards for Credit Risk (CR), Market Risk (MR), Operational Risk (Process (P1), People (P2) and systems (Information Technology)), Cyber & Information Security Risk (IS), Reputation Brand & Compliance (RBC) and Emerging & External Risk (EE) are then presented to RMC by way of a heatmap.

Step 2: Assessment of Key Risks:

At Avanse Financial Services, there are various policies and frameworks laid out that predefine various thresholds for all types of risks. There are Key Risk/Portfolio Indicators for each business and function unit. These are regularly assessed for any changes, and the thresholds are accordingly modified for any new process/policy changes.

Quarterly Assessment (Presented to the RMC):

- Each of the risk categories has a detailed Key Risk Indicator dashboard which is assessed based on impact & probability (on a scale of 1 to 5; 1 being very low risk and, 5 being high risk for impact and, 1 being rare, and 5 being certain for probability)
- Impact thresholds are defined based on historical trends, mitigations in place and the criticality of the incidents (Compliance, Safety and/or Reputation risks etc.)
- Probability assessment is based on the estimated likelihood of the expected movement of risk for the quarter.
- Weightages are given for each KRI in a particular risk category to arrive at an overall probability & impact assessment which is plotted in a heat map.

On an Ongoing Basis, the Following Are Assessed:

- Credit Risk: Managed through detailed business-specific credit policies and detailed Risk packs on predefined parameters/triggers. Overall portfolio level review for the entity on delinquency and expected loss assessment.
- Interest Rate & Liquidity Risk: Regular interest rate sensitivity analysis and liquidity gap analysis are presented in the Asset liability committee.
- Operational Risk and Other Risks: Monthly KRI dashboard prepared, presented in the monthly risk reviews along with other risk controllership activities (RCU activities, Hindsighting, Mystery shopping). Detailed RCSAs/control testing etc., conducted also presented for closure of gaps identified. For all other risks, key indicators are presented through monthly dashboards. CISO also presents information security and Cyber Risks as part of the monthly risk review.

Step 3: Risk Mitigation

It is crucial for the organisation to define the Risk Appetite. The mitigation is then operationalised by way of limits and thresholds proposed as a part of various policies covering key risks such as Credit Risk, Market Risk, Fraud Risk, etc. For Operational Risk and other risks, the KRI framework is implemented, which is assessed monthly and quarterly as a part of the ERM framework.

- Entity Level: Continuous process changes proposed basis the KRI monitoring
- BU Level: Credit policies with well defined limits, triggers and clear Delegation of Authority (DOA) matrix

Risk Mitigation is done in the following ways:

- Avoidance
- Reduction
- Transfer Acceptance

Certain types of risks, which are inherent in nature to the business, will have to be accepted. For other risks, there are well-defined policies and procedures in place towards avoidance and reduction. Adequate insurance is taken to transfer certain types of risks basis management guidance.

Step 4: Risk Reporting

Nature of Risk	Governance Framework
Operational Risk	Risk Management Committee of the Board
Credit Risk	Risk Management Committee of the Board Management & Credit Committee
Liquidity, Interest Rate and Market Risk	Risk Management Committee of the Board Asset Liability Committee (ALCO)
Other Risks (Compliance, InfoSec, Emerging & External Risks, etc.)	Risk Management Committee of the Board

Avanse Financial Services Follows the Three Lines of Defence Model for Providing Management Assurance:

First line of defence

Business and functional units are the primary owners of risks for their respective functions and business units.

Second line of defence

The Risk department is the second line of defence entrusted with the responsibility of running day-to-day risk management practices across the Company. They operationalise the risk management framework for the entity.

Third line of defence

Audit function has oversight and reviews all the functions of the entity.

Human Resources

Avanse Financial Services strongly believes that human capital is the greatest asset. The Company adopted a two-word mantra, **PEOPLE CENTRICITY,** which lies at the core of the organisation. It strongly focuses on fostering a symbiotic environment that enhances the overall learning curve of the employees resulting in **'Return on Intelligence'** while enabling **'Return on Capital'** for stakeholders. Various policies and efforts crafted in this direction have enabled Avanse to be certified a Great Place To Work® for two consecutive years.

The Company has designed a robust Cultural Pillar framework built on the principles of Governance, Accountability, Inclusivity, Meritocracy, Consistency Value Creation, and Happiness Quotient. The 'one team, one experience' approach helped the Company move forward in the endeavour to attain a leadership position in the education lending space. In FY2022-23, the HR practice of the Company continued to enhance employee experience by creating value propositions based on the 5C People Pillar framework – **CONNECT, CELEBRATE, CARE, COMPETITION AND CAPABILITY.** The HR team focused on employee well-being, constant engagement, growth & development, capability building and robust talent management.

Avanse greatly emphasises Diversity, Equity and Inclusion (DE&I) to foster a conducive work environment for all its employees throughout their journey with the Company. Focusing on hiring a diverse workforce irrespective of caste, cultural background, gender, and religion while considering their domain knowledge and skills creates a healthy workspace. Enabling a personalised approach to accommodate the employees' unique needs builds equity in the organisation. Avanse provides various platforms to its employees so they can be heard while welcoming all ideas and perspectives with equal grace, making them feel included. Avanse is committed to providing a workplace where people are respected irrespective of their values and recognised for their unique contributions. The Company adopted a holistic approach towards employee wellness, engagement and development, with a special focus on inclusivity.

Its recruitment strategy sets aside all gender-based and caste-based biases by hiring well-deserved employees basis their strengths, industry-specific knowledge, capabilities and transversal skills. The Company strives to offer new joiners all the necessary tools and facilities to ensure a seamless onboarding experience to enable them to perform their job roles efficiently. Avanse Financial Services continues to focus on building a future-ready workforce that fosters an innovative and growth-driven mindset. As a technologically advanced organisation, it adopted emerging technologies to boost efficiency and encourage continuous learning. To unleash true potential of employees, the Company offers them various learning programs such as Shiksha to encourage skilling, upskilling and reskilling throughout the organisation. Such opportunities not only enable employees to stay competitive but also to build a strong career path.

Avanse provides recognition to employees that outperform and achieve newer milestones. PACE recognition intends to encourage employees to be Passionate, Accountable, Capable and Empathetic towards their customers. The efficiency of employees is evaluated on the basis of the Success Anchors - Strategic Orientation, Customer Centricity, Innovative Mindset, Execution Focus, Entrepreneurial Spirit, Collaborative Approach, and People Excellence. These parameters are analysed to measure employee contribution, and they are recognised for successfully imbibing these anchors in their day-to-day lives. The Company believes a happy workforce is equal to a steady organisation.

Corporate Social Responsibility

As a responsible organisation, Avanse looks beyond the Company's profitable growth to focus on the community's holistic development. It strives to build a responsible, socially-driven and accountable organisation. To make quality education accessible to every deserving underserved Indian student, it has partnered with NGOs to support their students, specially-abled children, and community teachers. The Company works with Muktangan, Samarthnam, and Pride India to serve the underprivileged community.

Through the partnership with Muktangan, Avanse supports an in-service teacher education program for women from underserved communities. Avanse's collaboration with Pride India has helped strengthen Zilla Parishad schools in the Mahad Block of the Raigad District. It implemented the Smart School concept to boost learning outcomes. Avanse assists six project schools with activity-based learning materials based on the New Education Policy. The partnership with Samarthanam Trust enables Avanse to bridge the gap between disability and education and ensures empowered lives for specially-abled children.

By collaborating with these NGOs, the Company supports underserved students and enables them to Aspire Without Boundaries and achieve their academic aspirations. As part of all CSR activities during FY2022-23, Avanse reached out to over ~3,300 beneficiaries.

Environmental, Social and Governance (ESG)

Avanse believes that promoting ESG principles is essential for our long-term success. The Company focuses on identifying and prioritising sustainability risks, opportunities and subsequent parameters. It enables the organisation to understand ESG issues that are most relevant to the business and stakeholders and how to integrate them into decision-making processes.

Environmental

The Company endeavours to provide quick, easy and hassle-free customer experience to all our customers with high accuracy and efficiency. Keeping the environmental impact in mind, the organisation has digitised its processes and thereby promoted operational efficiency in a sustainable way. The Company has also been offering financing solutions to students aspiring to study renewable energy, conservation, and sustainability-related courses. In the long run, these students will create a more environmentally sound world that is a better place to live in.

Social

Avanse understands the importance of social responsibility in lending practices and the policies that are implemented are done keeping in mind all its stakeholders – customers, partners, employees, and the overall community it operates in. Its CSR activities help bridge the education gap for students from underserved communities.

Employees are one of the most crucial assets for business success. To ensure competitive advantage and to drive the business successfully, it is essential to have a well trained workforce. It has initiated several training & developmental programs to support employees' growth journey. Avanse also believes in providing a healthy and safe workplace environment to its people to ensure their holistic and sustainable development.

Customer experience and customer satisfaction are extremely important for Avanse's success journey. The Company always takes a customer-first & people-centric approach in all its endeavours. It has been focused on delivering the highest quality customer experience throughout their journey with the organisation.

Governance

It prioritises strong corporate governance to ensure ethical and transparent business practices. Avanse believes that corporate governance is the key to smooth business operations. It strives to adopt best practices and ensures adherence to all applicable regulatory requirements. Its governance policies strongly promote accountability, transparency, and integrity, ensuring it upholds the highest standards always. It also follows a robust Code of Conduct and Business Ethics mechanism to ensure ethical conduct of business operations, which further enables the organisation to build trust among its stakeholders.

Outlook

For the last TEN years, Avanse Financial Services has been providing hyper-personalised education financing solutions to students aspiring to fulfil their academic dreams, thus, enabling upward mobility. Looking at the future, it realises that India's young population holds great potential, and therefore, it gives the Company the perfect opportunity to enable millions of young minds to achieve their academic dreams. With the ever-increasing ambitions of students, Indian parents placing great emphasis on education and support of governmental policies, the education and the education financing industry is set to grow exponentially.

Over the next decade, Avanse looks forward to capturing a larger market and enabling thousands of students to access quality education and fulfil their educational dreams. During FY2022-23, the Company experienced consistent and strong sequential growth in its assets under management, total disbursement and overall net worth. Throughout this phase, the organisation focused on balanced aggression in terms of investment and spending. While it focused on capital preservation and balance sheet protection, Avanse also aggressively invested in its people and strengthened the digital processes to be future-ready. The Company is on a strong growth trajectory and is set to grow at a 20-25% CAGR in the next 3-5 years.

Customer-Centricity at the Core of the Business

Avanse Financial Services endeavours to deliver the highest quality experience to its customers and create consistent value for the stakeholders. Customer-Centricity is the ability to understand the customers' situations, perceptions, and expectations. Being a customer-centric organisation, the Company ensures that all the business processes are dedicated to providing the best-in-class experience throughout their journey. Customers have always been at the focal point of all the decisions related to delivering products, services and experiences to create customer satisfaction, loyalty and advocacy.

CUSTOMER-CENTRICITY is one of the significant tenets of Avanse's 'SUCCESS ANCHORS' framework. Each employee of the Company imbibes this framework in the day-to-day activities so that they can provide financing solutions to cater to the exact need and requirements of the customer. Led by customer insights, the Company curates simple and easy-to-comprehend offerings and ensures that the solutions meet their needs in a nimble and intuitive manner. As a part of this journey, the Company focuses on creating 'WOW' moments for the customers by going above and beyond every time they come to Avanse to access hyper-personalised education financing solutions to fulfil their academic aspirations.

Scores across Customer Experience Evaluation Platforms

NPS	Trust Pilot	Google Reviews
71	3.8	4.3

AWARDS & ACCOLADES

1. **“Great Place To Work®”**
   A prestigious recognition based on employee experience
   2022

2. **“Best Brands 2022”**
   The Economic Times
   2022

3. **“Excellence in Loans”**
   The Economic Times, Lentra & PWC
   2022

4. **“Excellence in Education Financing (NBFC)”**
   Radio City
   2022

5. **“Outstanding Performance in Customer Centricity”**
   Elets
   2022

6. **“Most Preferred Education Institution Financing NBFC in India”**
   Elets
   2022

7. **“Best in Data Security – Financial Services”**
   Quantic
   2022

8. **“Best Use of Omnichannel”**
   Synnex
   2022

9. **“Education Financing Company of the Year”**
   ET Ascent
   2023

10. **“Risk Initiative of the Year”**
    Synnex
    2023

BOARD'S REPORT

To,
Dear Members,

The Board of Directors ("the Board") of Avanse Financial Services Limited ("the Company" or "your Company") have the pleasure in presenting the 30th Annual Report and the Audited Financial Statements of your Company for the Financial Year ended March 31, 2023 ("year under review").

Financial Performance

The key highlights of the Audited Financial Statements of the Company for the year under review are summarised below:

(₹ in Crores)

Particulars	Standalone 2022-23	Standalone 2021-22	Consolidated 2022-23
Total Income	990.23	508.54	990.23
Total Expenditure	778.89	423.08	778.92
Profit Before Tax	211.34	85.46	211.31
Profit After Tax	157.73	63.21	157.71
Other Comprehensive Income	2.3	1.16	2.3
Transfer to Reserve as per Section 45- IC (1) of RBI Act	31.55	12.64	31.55

The above are extracted from the Audited Financial Statements (Standalone and Consolidated) 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 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Audited Financial Statements (Standalone and Consolidated) together with the Auditors' Reports thereon form part of the Annual Report of the Company for the year under review. Further, the aforesaid Annual Report of the Company is available on the website of the Company at https://www.avanse.com/investors

Dividend

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

Review of Business Operations

- The Company is a new-age education-focused Non-Banking Financial Company ("NBFC") registered with RBI that provides seamless and affordable education financing for every deserving Indian student. During the Financial Year 2022-23, the Company delivered a robust all-round performance which is reflected in the following snapshot:

- The Company strategised and implemented various processes which helped it strengthen its overall Assets Under Management (AUM) which stands at ₹ 8,646.07 Crore as on March 31, 2023 as compared to ₹ 4,835.61 Crore in the previous year.

- During the Financial Year 2022-23, the Company disbursed education loans for ₹ 6,143.07 Crore as compared to ₹ 2,927 Crore in the previous Financial Year and recorded a growth of 110%.

- The overall portfolio grew by 79% YoY.

- The Company recorded a Total Income of ₹ 990.23 Crore as compared to ₹ 508.54 Crore in the previous Financial Year.

- The Net Interest Income reported for the period was ₹ 347.03 Crores as compared to ₹ 201.27 Crores in the previous Financial Year.
- The Profit before tax increased by 147% from ₹ 85.46 Crores in the previous Financial Year to ₹ 211.34 Crores in the current Financial Year.
- The Profit after tax increased by 149% from ₹ 63.21 Crores in the previous Financial Year to ₹ 157.73 Crores in the current Financial Year.
- The Net Worth of the Company as on March 31, 2023 stood at ₹ 2,116.26 Crores (excl deferred tax assets and intangible assets) as compared to ₹ 981.69 Crores (excl deferred tax assets and intangible assets) in the previous Financial Year, as reported in the Financial Statement.
- The Gross Non-Performing Assets (GNPA) as on March 31, 2023 was ₹ 47.21 Crore equivalent to 0.56% of the total loan book of the Company.
- The Net Non-Performing Assets (NNPA) as on March 31, 2023 stood at ₹ 14.48 Crore resulting in NNPA of 0.17%.
- The Company's total ECL provision/POS as of March 31, 2023 stands at 1.09% as compared to 1.55% as of March 31, 2022.

Transfer to Reserve

For the financial year ended March 31, 2023, an amount of ₹ 31.55 Crore has been transferred to the Special Reserve pursuant to the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

Credit Rating

The Company's credit ratings are a positive reflection of its prudence, strong net worth base, adequate capitalisation and financial disicpline.

Rating Agency	Instrument	Credit Ratings
CARE Ratings	Long Term Secured Borrowings in the form of Bank Loans and Non-Convertible Debentures	CARE A+ Reaffirmed (Positive) {Outlook revised from (Stable) to (Positive)}
	Sub-ordinated Non-Convertible Debentures	CARE A+ Reaffirmed {Outlook revised from (Stable) to (Positive)}
	Commercial Papers	CARE A1+ Reaffirmed
Brickworks Ratings	Long Term Secured Borrowings in the form of Non-Convertible Debentures	BWR A+ Reaffirmed (Positive) {Outlook revised from (Stable) to (Positive)}
	Sub-ordinated Non-Convertible Debentures	BWR A+ Reaffirmed (Positive) {Outlook revised from (Stable) to (Positive)}

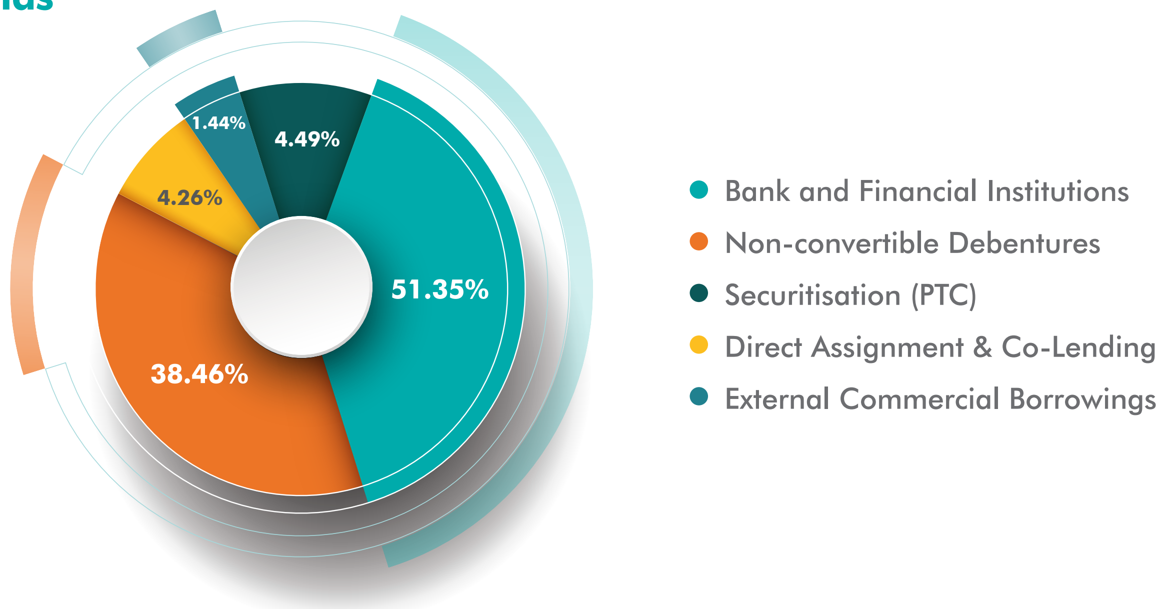
During the Financial Year under review, ratings by CARE Ratings for the Commercial Paper borrowings program of the Company was reaffirmed at the highest rating of CARE A1+. CARE Ratings also reaffirmed the ratings for all the Long Term Secured Borrowings in the form of Bank Loans and Non-Convertible Debentures.

Further, CARE Ratings revised the outlook from Stable to Positive. CARE Ratings also reaffirmed the rating assigned to company's Sub-ordinated Non-convertible Debentures at CARE A+ (Positive) in June 2022.

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 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 long-term nature of assets in order to maintain robust asset liability management profile. Term loans from Banks and Financial Institutions account for 51.35% of total borrowings followed by 38.46% in the form of Non-convertible Debentures, 4.49% in the form of Securitization ("PTC"), 4.26% in the form of Direct Assignment / Co-Lending Arrangement, 1.44% in the form of External Commercial Borrowings.

Sources of Funds



a. Loans from Banks/Financial Institutions

During the year under review, the Company received sanctions for term loan of ₹ 2,790 Crores and Cash Credit/ Working Capital Demand Loan of ₹ 35 Crores from Banks/Financial Institutions, of which the Company availed term loans of ₹ 2,255 Crores. The outstanding bank loan as on March 31, 2023 was ₹ 3,895 Crores. The Bank Loans have been assigned the rating of 'CARE A+/ Positive' by CARE Ratings Limited.

b. Non-Convertible Debentures ("NCDs")

During the year under review, the Company issued NCDs amounting to ₹ 2,096 Crores 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, 2023 the total outstanding NCDs are ₹ 2,736 Crores and the total outstanding Subordinate Debt is ₹ 75 Crores. NCDs were primarily issued to corporates and financial institutions such as Mutual Funds, Banks, Small Finance Banks and Impact Funds etc.

c. External Commercial Borrowings

During the year under review, the Company has not availed any incremental External Commercial Borrowings. The total outstanding amount of External Commercial Borrowings stood at ₹ 100 Crores as on March 31, 2023. The Outstanding External Commercial Borrowings were raised from a USA-based financial institution in the social impact category and is guaranteed by the US International Development Financial Corporation (DFC).

d. Commercial Papers

During the year under review, the Company has issued Commercial Papers amounting to ₹ 230 Crores, out of which, Commercial Papers amounting to ₹ 80 Crores were listed on BSE Limited. There were no outstanding Commercial Papers as at March 31, 2023. The Company's Commercial Papers have been assigned the highest rating of "CARE A1+" by CARE Ratings Limited.

e. Securitisation/Assignment

The Company has accessed securitisation market to raise long-term funds with matching asset maturity profile. During the year under review, the Company raised funds by way of PTC and received ₹ 85 Crores as purchase consideration. The pools was rated as CRISIL AA (SO) by CRISIL. This pool was sold in accordance with RBI's Master Direction on Transfer of Loan Exposures dated September 24, 2021.

Further, the Company has also assigned its pool towards Direct Assignment matching with its asset maturity profile. During the year under review, the Company assigned its loan pool and received ₹ 213 Crores as purchase consideration.

f. Co-lending

The Company has actively engaged with Banks to enable it to access fund raising via the co-lending channels. During the year under review, the Company has entered into a Co-lending agreement with a leading Public Sector Bank for the Education Loan product and a Private Sector Bank for the Education Institution Loan product in line with the guidelines issued by RBI. During the year under review, the Company has assigned its loan pool to the Co-lending partner banks and received ₹ 102 Crores as consideration under the arrangement.

Share Capital

a. Authorised Share Capital

As on March 31, 2023, the Authorised Share Capital of the Company is ₹ 200 Crores divided into 17,50,00,000 equity shares of ₹ 10 each and 2,50,00,000 preference shares of ₹ 10 each. During the year under review 7,50,00,000 preference shares of ₹ 10 each were re-classified as equity shares vide a Special Resolution passed by the Members of the Company at an Extra-Ordinary General Meeting of Company held on January 6, 2023.

b. Issued, Subscribed and Paid-up Share Capital

As on March 31, 2023, the Company's issued, subscribed and paid-up equity share capital was ₹ 1,06,63,80,020 divided into 10,66,38,002 equity shares of ₹ 10 each. During the year under review, your Company allotted 2,11,89,895 Compulsorily convertible preference shares of ₹ 10 each ("CCPS") on right basis. The CCPS were converted into 10,779,436 equity shares of ₹ 10 each pursuant to the terms of offer of CCPS. Further, your Company also allotted 1,32,66,705 equity shares of ₹ 10 each on preferential basis during the financial year ended March 31, 2023. The entire shareholding of the Company is held in dematerialised mode.

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.

Your Company has formulated "Avanse Financial Services Limited Employee Stock Option Plan 2019" ("ESOP 2019") for the employees of the Company which are in compliance with the applicable provisions of the Act. There were no changes made to ESOP 2019 during the year under review. The details of ESOP 2019, as required to be disclosed pursuant to the provisions of the Act, are provided in **"Annexure I".**

Meetings of the Board

The Board of your Company meets at regular intervals to discuss and decide on the Company's performance, strategies and for various other purposes. During the year under review, the Board met 9 (nine) times. The meetings of the Board were held on May 5, 2022, August 2, 2022, September 2, 2022, November 10, 2022, November 18, 2022, December 27, 2022, January 5, 2023, February 01, 2023, and March 16, 2023.

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 all the above meetings. Further details on the Board, its meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

Change in the Nature of Business, If Any

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

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.

Details of Holding/Subsidiary/Joint Ventures/Associate Companies

During the year under review, the Company has incorporated a wholly owned subsidiary viz. Avanse Global Finance IFSC Private Limited ("Avanse Global") in GIFT-City, Gujarat. Avanse Global is not a material subsidiary within the meaning of Regulation 16 of the SEBI Listing Regulations. A statement containing the salient features of the financial statement of Avanse Global, as required under the Act, is provided in the financial statements in Form AOC-1.

The Company does not have any holding company, joint venture or associate.

Insurance Regulatory and Development Authority of India ("IRDAI") Regulatory Guidelines

Your Company is registered with IRDAI as a Corporate Agent (Composite) vide registration No. CA0445. The Company acts as a Corporate Agent for Pramerica Life Insurance Limited, ICICI Lombard General Insurance Company Limited and Zuno General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited). The Company has complied with all the applicable rules and regulations prescribed by IRDAI.

Internal Financial Controls

The Company has well-established internal control systems in place that is commensurate with the nature of its 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.

Public Deposits

The Company has neither accepted nor renewed any deposits from the public during the year under review and in the past.

Auditors

a. Statutory Auditors and their Report

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, the SEBI Listing Regulations and Circular concerning "Guidelines for appointment of Statutory Auditors" dated April 27, 2021 issued by RBI, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005) has been appointed as Statutory Auditors of the Company at the 28th Annual General Meeting of the Company for a term of three consecutive years from the conclusion of the 28th Annual General Meeting until the conclusion of the 31st Annual General Meeting of the Company.

The Statutory Auditors' report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory 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 had appointed M/s. HSPN & Associates LLP, Practicing Company Secretaries as the Secretarial Auditor of the Company for the year under review.

The Secretarial Audit Report in Form MR-3 for the financial year ended March 31, 2023 as received from the Secretarial Auditor is attached as "Annexure II" to the Board's Report. Clarification on the remark made by the Secretarial Auditor in their report is provided along with the said report.

Pursuant to Regulation 24A of the SEBI Listing Regulations, the Annual Secretarial Compliance Report for the financial year ended March 31, 2023 will be submitted to BSE Limited (on which NCDs of the Company are listed) and uploaded on the website of the Company at https://www.avanse.com/investors

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.

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, 2023 in the prescribed Form MGT 7 is available on the Company's website at https://www.avanse.com/investors

Conservation of Energy and Technology Absorption

As the Company is a NBFC, the particulars regarding conservation of energy and technology absorption 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.

Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings during the year under review. The foreign exchange outgo during the financial year ended March 31, 2023 was ₹ 20.80 crore; of which ₹ 10.36 crore and ₹ 10.44 crore was on account of payment of principal and interest on ECB borrowings respectively.

Directors and Key Managerial Personnel ("KMPs")

a. Directors

The composition of the Board is in accordance with Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations with an appropriate combination of Executive, Non-executive and Independent Directors. As on March 31, 2023 the Board of the Company comprises of six Directors, consisting of four Independent Directors (including two Women Directors), one Non-Executive Director 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, 2023 comprises:

Name of the Director	DIN	Designation
Mr. Neeraj Swaroop	00061170	Independent Director and Chairperson
Mrs. Vijayalakshmi R. Iyer	05242960	Independent Director
Mr. Ravi Venkatraman	00307328	Independent Director
Mrs. Savita Mahajan	06492679	Independent Director
Mr. Narendra Ostawal	06530414	Non- Executive Director
Mr. Amit Gainda	09494847	Managing Director and CEO

b. Retirement by Rotation

Pursuant to Section 152 of the Act read with the Articles of Association of the Company, Mr. Amit Gainda (DIN: 09494847), Managing Director & CEO retires from the Board by rotation and being eligible, offers himself for re-appointment at the ensuing AGM of the Company. The Board of Directors have recommended the re-appointment of Mr. Amit Gainda.

The information pertaining to Mr. Amit Gainda, as required to be disclosed pursuant to the Act, is provided in the notice of the ensuing AGM.

c. Declaration by Independent Directors

All Independent Directors have submitted their declaration of independence pursuant to Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations. In terms of the provisions of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended from time to time, 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. None of the Independent Directors of the Company is required to give online proficiency test.

The 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.

d. Fit and Proper Criteria

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the RBI Master Directions. 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.

e. KMPs

As on March 31, 2023, Mr. Amit Gainda, Managing Director & CEO, Mr. Vineet Mahajan, Chief Financial Officer and Mr. Rajesh Gandhi, Company Secretary are the KMP of the Company in terms of Section 2 (51) of the Act.

During the year under review, Mr. Vikas Tarekar ceased to be Company Secretary of the Company with effect from the close of business hours of August 2, 2022; and Mr. Rajesh Gandhi has been appointed as Company Secretary in his place with effect from November 11, 2022.

Annual Performance Evaluation

Pursuant to the provisions of the Act, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors for the Financial Year 2022-23. For the above purpose, a formal mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, 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 the questionnaires providing feedback on functioning of the Board as a whole, Committees and Chairman of the Board.

Basis the above, the performance of the Board, its Committees and individual directors was evaluated by the Board.

Further, in a separate meeting of Independent Directors, performance of non-independent directors, the Board as a whole and the Chairperson were evaluated.

Policies and Codes

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 applicable and as a part of good corporate governance to ensure strong internal controls, the Board has adopted several codes/policies/guidelines and has also reviewed the same from time to time, which among others include the following:

a. Internal Guidelines of Corporate Governance

In terms of Chapter XI of the Master Direction - NBFC - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has in place Board-approved Internal Guidelines of Corporate Governance and the same can be accessed from the website of the Company at https://www.avanse.com/investors

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

Pursuant to the provisions of Regulation 17(5) of the SEBI Listing Regulations, the Company has adopted 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/investors

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 and the SEBI Listing Regulations, 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. Whistle Blower Policy is available on Company's website at https://www.avanse.com/investors

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

d. Remuneration Policy

Your Company has adopted a Nomination, Remuneration and Evaluation Policy. The same forms part of this Annual Report and is attached as "Annexure III". The same is also available on the website of the Company at https://www.avanse.com/investors

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 & Redressal) Act, 2013. The Company has also complied with the provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, there were no complaints received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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. The CSR Policy including the composition of the CSR Committee is available on the Company's website at https://www.avanse.com/investors

The CSR Committee comprises of three directors viz., Ms. Savita Mahajan, Mr. Ravi Venkatraman and Mr. Narendra Ostawal. During the Financial year 2022-23, three Meetings of the CSR Committee were convened. The attendance record of members is given in the Annual Report on CSR activities. In terms of the provisions of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 the 'Annual Report on CSR activities' for the year under review is attached as **"Annexure IV".**

The Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the Board for the Financial Year 2022-23.

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

The Company is registered as a NBFC with RBI. Hence, particulars of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, are not applicable to the Company.

Particulars of Contracts or Arrangements with Related Parties

During the year under review, all transactions entered into by the Company with related parties were in ordinary course of business and on arm's length basis and did not attract the provisions of Section 188 of the Act and none of the transactions with related party were material in term of Regulation 23 of the SEBI Listing Regulations. Hence, there are no details to be disclosed in Form AOC - 2 pursuant to Section 134(3)(h) of the Act read with the Companies (Accounts) Rules, 2014.

Corporate Governance Report

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

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:

- in the preparation of the annual accounts for the year ended March 31, 2023, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- the directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2023 and of the profit of the Company for that period;
- proper and sufficient care has been 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;
- the annual accounts have been prepared on an ongoing concern basis
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- proper systems to ensure compliance with the provisions of the applicable laws are in place and the same are adequate and operating effectively.

Compliance with Secretarial Standards of the Institute of Company Secretaries of India

The Company is in compliance with the 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.

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 Policy is available on the website of the Company at https://www.avanse.com/investors

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:

- there was no issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- 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;
- there was no public issue or bonus issue of any securities by the Company;
- there was no issue of shares with differential rights;
- no significant or material orders were passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future;
- there were no proceedings for Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016 against the Company; and
- there was no failure to implement any Corporate Action.

Acknowledgements

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

For and on behalf of the Board of Directors

Neeraj Swaroop
Chairperson and Independent Director
(DIN: 00061170)
Place: Delhi

Amit Gainda
Managing Director & CEO
(DIN: 09494847)
Place: Mumbai

Date: May 05, 2023

HAPPY CUSTOMERS

I delayed my plan to pursue my post-graduate overseas due to the unavailability of funds. That's when I connected with Avanse Financial Services. Their representative assured me my loan would be sanctioned. True to their commitment, the documentation was completed at my doorstep, and my education loan was sanctioned. I am now pursuing my post-graduation in the UK. This wouldn't have been possible without Avanse Financial Services.

Nikita Singh

Master's degree in International Management,
University of Bolton, UK

ANNEXURE 1

Details of Employees' Stock Option Scheme pursuant to the provisions of the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2023

1	Options Granted	5,306,731
2	Options Vested	1,273,615
3	Options Exercised	Nil
4	Total number of shares arising as a result of exercise of option	Nil
5	Options Lapsed	739,635
6	Exercise price	152,193, 230, 363
7	Variation of terms of option	No variations
8	Money realised by exercise of option	Nil
9	Total number of option in force	4,567,096

X. Employee-wise details of options granted during the financial year ended March 31, 2023

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

Name of KMP	Number of Options granted during the year
Mr. Vineet Mahajan, Chief Financial Officer	50,000

b. Identified employees who were granted option, 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 – None

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
Mr. Sorabh Malhotra, Chief Risk Officer	1,40,000
Mr. Yogesh Rawat, Chief Operating Officer	2,50,000

ANNEXURE 2

SECRETARIAL AUDIT REPORT

Form No. MR -3
FOR FINANCIAL YEAR ENDED 31ST MARCH 2023
[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)]

To,
The Members,
AVANSE FINANCIAL SERVICES LIMITED

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

Based on our verification of the Company's books, papers, minute book, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extend, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers and minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023, to the extent applicable provisions of:

1. The Companies Act, 2013 ("The Act") the applicable and effective Amendments and the Rules made thereunder;

2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4. The 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;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company: -

   a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations");

   b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

   d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not applicable;

   e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

f. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 - Not applicable;

g. The Company has complied with the requirements under the Debt Listing Agreements entered with BSE LIMITED.

6. The Management has identified and confirmed the Sector Specific Laws as applicable to the Company being in NBFC-ND-SI Sector as given in Annexure – 1.

We have also examined compliances with the applicable clauses of the following

i. Secretarial Standards 1 and 2 as issued and revised by the Institute of Company Secretaries of India with effect from 1st October 2017.

ii. The SEBI Listing Regulations as amended and made effective from time to time including applicability of Regulation 16 to 27 of the SEBI Listing Regulations on compliance and explain basis.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards as mentioned above except that;

A. The Company has not given prior intimation of the Board Meeting held on 5th May, 2022 and 2nd September, 2022 pursuant to Regulation 50(1)(d) for fund raising by way of issuance of non-convertible securities.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and whenever required requisite consents were taken for conducting meetings at shorter notice/sending agenda and notes to agenda at shorter notice, 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.

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

We further report that during the year under review

1. The 29th Annual General Meeting of the Company for the financial year ended 31st March 2022 was held on 27th September, 2022;

2. The Members at the 29th Annual General Meeting of the Company approved the following:

i. Appointed Mr. Narendra Ostawal (DIN: 06530414) who retires by rotation and being eligible offered himself for re-appointment at the 29th AGM;

ii. Re-appointment of Mr. Neeraj Swaroop, (DIN: 00061170) as Independent Director for a second term of five (5) consecutive years w.e.f. 30th July, 2022 to 29th July, 2027;

iii. Re-appointment of Ms. Vijayalakshmi Iyer, (DIN: 05242960) as an Independent Director of the Company for second term of five (5) consecutive years from 30th July, 2022 to 29th July, 2027.

iv. Pursuant to the provisions of Section 42, 71 and other applicable provisions approved issuance and allotment of Secured/Unsecured/Perpetual/Senior/Subordinated Non-Convertible Debentures/Bonds ("NCDs") upto an amount of ₹3000 Crore (Rupees Three Thousand Crore only), for cash on Private Placement Basis, for the period from conclusion of 29th Annual General Meeting till the Conclusion of 30th Annual General Meeting in one or more tranches/series.

3. Mr. Vikas Tarekar Company Secretary and Compliance officer of the Company (ACS No. 31670) resigned from his office w.e.f 2nd August, 2022. Further Ms. Harsha Choithani, Qualified Company Secretary (Membership No. A-63894) was appointed as the Compliance Officer of the Company with effect from September 29, 2022 for the interim period till the Whole Time Company Secretary and Compliance Officer was appointed pursuant to the SEBI Listing Regulations. Further, Mr. Rajesh Gandhi, (ACS No. 19086) was appointed as the Company Secretary of the Company pursuant to the provisions of Section 203 of the Companies Act, 2013 and Compliance Officer of the Company pursuant to Regulation 6 of the SEBI Listing Regulations w.e.f 11th November, 2022.

4. Further, during the audit period, the following Secured, Rated, Listed, Redeemable Non-convertible Debentures ("NCDs") were issued/ re-paid:

i. Allotment of 950 (Nine Hundred and Fifty) NCDs (Series 15) of face value of ₹10,00,000/- each on 19th April 2022.

ii. Allotment of 3,750 (Three Thousand Seven Hundred and Fifty) NCDs (Series 16) of face value of ₹10,00,000/- each on 21st July 2022.

iii. Allotment of 2,000 (Two Thousand) NCDs (Series 17) of face value of ₹10,00,000/- each on 2nd August 2022.

iv. Redemption of 50 (Fifty) NCDs (Series 002) for ₹10,00,000/- each on 8th August 2022.

v. Allotment of 4,000 (Four Thousand) NCDs (Series 18) of face value of ₹10,00,000/- each on 26th August 2022.

vi. Allotment of 2,000 (Two Thousand) NCDs (Series 19) of face value of ₹10,00,000/- each on 7th September 2022.

vii. Allotment of 2,000 (Two Thousand) partly paid up NCDs (Series 20) of face value of ₹10,00,000/- each on 7th September 2022.

viii. Allotment of 1,500 (One Thousand Five Hundred) Principal Protected Market Linked NCDs (Series 21) of face value of ₹10,00,000/- each on 23rd September 2022.

ix. Redemption by face value of 1,000 (One Thousand) NCDs (Series 11) from ₹10,00,000/- each to ₹8,00,000/- each on 28th October 2022.

x. Allotment of 2,500 (Two Thousand Five Hundred) Principal Protected Market Linked NCDs (Series 22) of face value of ₹10,00,000/- each on 4th November 2022.

xi. Redemption of 1,950 (One Thousand Nine Hundred and Fifty) NCDs (Series 7) of ₹10,00,000/- each face value on 9th December 2022.

xii. Redemption of 1,050 (One Thousand and Fifty) NCDs (Series 8) of ₹10,00,000/- each face value on 16th December 2022.

xiii. The Company has duly exercised its right to partially buy back (repay) 950 (Series 13) NCDs on 5th January 2023.

xiv. Allotment of 25,000 (Twenty-Five Thousand) NCDs (Series 23) of face value of ₹1,00,000/- each on 12th January 2023.

xv. Redemption by face value of 1,000 (One Thousand) NCDs (Series 11) from ₹10,00,000/- each to ₹8,00,000/- each to ₹6,00,000/- each on 30th January 2023.

xvi. Allotment of 10,000 (Ten Thousand) NCDs (Series 24) of face value of ₹1,00,000/- each on 1st February 2023.

xvii. Redemption of 100 (One Hundred) NCDs of ₹10,00,000/- each as face value on 24th February 2023.

xviii. Allotment of 7,500 (Seven Thousand Five Hundred) NCDs (Series 25) of face value of ₹1,00,000/- each on 29th March 2023.

5. We further report that:

i. The members of the Company at their Extra-Ordinary General Meeting held on 6th May 2022 regualrised Directorship of Mr. Amit Gainda as Director of the Company. Further Mr. Amit Gainda was appointed as Managing Director of the Company w.e.f. 2nd March, 2022 to 29th July, 2024.

ii. The members at their Extra-Ordinary General Meeting held on 12th August 2022 approved the Increase in Authorised Share Capital of the Company from ₹100,00,00,000 (Rupees One Hundred Crore Only) divided into 10,00,00,000 (Ten Crore) Equity Shares of ₹10/- (Rupees Ten Only) each to ₹200,00,00,000 (Rupees Two Hundred Crore Only) divided into 10,00,00,000 (Ten Crore) Equity Shares of ₹10/- (Rupees Ten Only) each and 10,00,00,000 (Ten Crore) Preference Shares of ₹10/- (Rupees Ten Only) each by creation of additional 10,00,00,000 (Ten Crore) Preference Shares of ₹10/- each and subsequent amendment to Memorandum of Association of Company.

iii. The Members at the Extra-Ordinary General Meeting held on 6th September 2022 approved the following:

- Issuance of 2,11,89,895 (Two Crore Eleven Lakh Eighty Nine Thousand Eight Hundred Ninety Five) fully paid up Compulsorily Convertible Preference Shares ("CCPS") at a price of ₹184.05 (Rupees One Hundred Eighty Four Point Zero Five Paisa) (₹10/- as face value and premium of ₹174.05/-) per share on Rights Issue basis aggregating to ₹390,00,00,174.75 (Rupees Three Hundred Ninety Crore One Hundred Seventy Four and Point Seven Five Paisa Only) to existing Equity Shareholders of the Company;

  Further, aforementioned CCPS were issued and allotted to the shareholders of the Company on 16th September 2022.

- Modification to Special Resolution passed at the EGM dated 12th August 2022 for increase in authorised Capital and consequential alteration of MOA by deleting the words "ranking pari pasu in all respect with the existing Equity Shares of the Company" from the bottom of the first paragraph of the resolution

iv. The Members at the Extra-Ordinary General Meeting held on 6th January 2023 approved the following:

- Re-classification of part of un-issued Preference Shares into Equity Shares and consequential alteration of the Authorised Share Capital clause of the Memorandum of Association of the Company. The Authorised Share Capital of the Company from ₹200,00,00,000 (Rupees Two Hundred Crore only) divided into 10,00,00,000 (Ten Crore) equity shares of ₹10/- (Rupees Ten only) each and 10,00,00,000 (Ten Crore) preference shares of ₹10/- (Rupees Ten only) each to ₹200,00,00,000 (Rupees Two Hundred Crore only) divided into 17,50,00,000 (Seventeen Crore Fifty Lakh) equity shares of ₹10/- (Rupees Ten only) each and 2,50,00,000 (Two Crore Fifty Lakh) preference shares of ₹10/- (Rupees Ten only) each and consequent Amendment to the capital clause of Memorandum of Association of the Company.

- To issue and allot to Kedaara Capital Growth Fund III LLP, by way of a preferential issue, an aggregate of 1,76,88,940 (One Crore Seventy Six Lakh Eighty Eight Thousand Nine Hundred and Forty) fully paid up equity shares of the Company of face value of ₹10/- each at an issue price of ₹452.26 per equity share (including premium of ₹442.26 per equity share), for a consideration payable in cash aggregating to ₹8,000,000,004.40 (Rupees Eight Hundred Crore Four and Four Zero Paisa only), in two tranches, on preferential allotment basis by issue of one or more Private Placement Offer Letter(s).

  Further, out of the total issuance, the Company issued and allotted 13,266,705 equity shares fully paid up and free of all encumbrances, ranking pari passu in all respect with the existing equity shares of the Company of the face value of ₹10 each at an issue price of ₹452.26 per equity share (including premium of ₹442.26 per equity share), on 19th January 2023.

v. The Members at the Extra Ordinary General Meeting held on 19th January 2023 approved the new set of Articles of Association of the Company ("Restated Articles") pursuant to (a) shareholders agreement dated December 28 2022; and (b) the share subscription agreement dated December 28 2022;

6. We further report that during the reporting period the Company has incorporated a wholly owned subsidiary in the name and style of "Avanse Global Finance IFSC Private Limited" in the Gujarat International Finance Tec-City ("GIFT City"), Gujarat.

7. We further report that during the period under review, the Company:

i. Issued Commercial Papers in the form of Usance Promissory Notes aggregating to ₹50 Crores on 28th April 2022;

ii. Issued Commercial Paper in the form of Usance Promissory Notes aggregating to ₹50 Crores on 25th May 2022;

iii. Issued Commercial Paper in the form of Usance Promissory Notes aggregating to ₹30 Crores on 28th July 2022;

iv. Issued Commercial Paper in the form of Usance Promissory Notes aggregating to ₹50 Crores on 25th August 2022;

v. Issued Commercial Paper in the form of Usance Promissory Notes aggregating to ₹50 Crores on 29th November 2022;

8. We further report that during the audit period, 1,000,766 Options were granted to the eligible employees under the Avanse Financial Services Limited Employee Stock Option Plan – 2019 ("ESOP-2019")

9. We, further report that during the period under review, Reserve Bank of India (RBI) has carried an inspection of the Company the report of which is awaited.

For HSPN & ASSOCIATES LLP
Company Secretaries

Date: 05/05/2023
Place: Mumbai
ICSI UDIN: FOO282780002 60447
PEER REVIEW NO: 2507/2022

Hemant S. Shetye
Designated Partner
FCS No.: 2827
COP No.: 1483

This report is to be read with our letter of even date which is annexed as Annexure – 2 and forms an integral part of this report.

Annexure – 1

Sector specific laws as applicable to the company being an nbfc-nd-si

A. The Reserve Bank of India (RBI) Act, 1934

B. RBI Directions, Guidelines, Circulars etc., applicable to nbfc-nd-si

C. The IRDA Regulations for Corporate Agents, 2015

Annexure – 2

To,
The Members,
AVANSE FINANCIAL SERVICES LIMITED

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion. In case of ambiguity on the applicability of any Provision or Regulation, we have relied on the Management Representation, if any.

3. We have not verified the correctness, appropriateness of financial records and books of accounts of the Company.

4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For HSPN & ASSOCIATES LLP
Company Secretaries

Date: 05/05/2023
Place: Mumbai
ICSI UDIN: F002827E000260447
PEER REVIEW NO: 2507/2022

Hemant S. Shetye
Designated Partner
FCS No.: 2827
COP No.: 1483

Explanation in terms of Section 134 (3) and Section 204 (3) of the Act on remarks made by the Secretarial Auditor in its Report:

With regard to the remark by the Secretarial Auditor in its report concerning non-filing of prior intimation of meeting of the Board for fund raising by way of issuance of non-convertible securities, it is hereby clarified that the same was caused owing to innocuous oversight. However, the Company has developed comprehensive Compliance checklist and instilled maker-checker system to prevent recurrence of such incidents.

Further, the observation does not have any material adverse impact on the financial statement or on the functioning of the Company.

ANNEXURE 3

NOMINATION REMUNERATION AND EVALUATION POLICY

TITLE

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

OBJECTIVE AND PURPOSE

In line with the statutory requirement under the provisions of the Companies Act, 2013 and the regulatory framework 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.

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.

POLICY

A. Appointment/Nomination Criteria

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

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

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

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

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

B. Evaluation:

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

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

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

C. Removal:

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

D. Remuneration:

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

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

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

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

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

b. Non-Executive Director/Independent Director:

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

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

c. KMP and Senior Management Personnel:

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

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

d. Remuneration of Other Employees

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

e. Amendments

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

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

ANNEXURE 4

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

1. Brief Outline on CSR Policy of the Company:

Our vision is to make quality education accessible for deserving underserved Indian Students through the Company's CSR initiative. For details of the CSR Policy along with projects and programs, kindly refer to the website of the Company - **https://www.avanse.com/investors**

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Savita Mahajan	Chairperson (Independent Director)	3	3
2	Mr. Ravi Venkatraman	Member (Independent Director)	3	3
3	Mr. Narendra Ostawal	Member (Non-executive Director)	3	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 alongwith 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:

Not applicable

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

₹54,92,82,045

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

₹1,10,44,957

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 (a+b-c):

₹1,11,00,000 [post rounding off of the amount mentioned in para 5(b) above]

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

₹1,11,00,000

Additionally, the Company also spent ₹8,40,000 towards unspent CSR Amount for FY2021-22

b. Amount spent in Administrative Overheads:

Nil

c. Amount spent on Impact Assessment, if applicable:

Not Applicable

d. Total amount spent for the Financial Year [(a) + (b) + (c)]:

₹ 1,11,00,000

e. CSR amount spent or unspent for the financial year:

Nil

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (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	Date of transfer	Name of the Fund	Amount	Date of transfer
₹1,11,00,000	—	—	—	—	—

f. Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
1	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 11,044,957
2	Total amount spent for the Financial Year	₹ 11,100,000
3	Excess amount spent for the financial year [(ii)-(i)]	₹ 55,043
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 55,043*

*Subject to the approval of the Board and applicable provisions of the Act.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

S.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	FY2021-22	840,000	–	840,000	–	–	–	–
2	FY2020-21	–	–	–	–	–	–	–
3	FY2019-20	–	–	–	–	–	–	–

8. 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:

Not applicable

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)	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/authority/beneficiary of the registered owner		
					CSR Registration no., if applicable	Name	Registered address
Not applicable							

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

Not applicable

Amit Gainda
Managing Director & CEO
DIN: 09494847
Place: Mumbai

Date: May 5, 2023

Savita Mahajan
Independent Director & Chairperson CSR Committee
DIN: 06492679
Place: Dehradun

Date: May 5, 2023

ANNEXURE 5

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:

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 of Directors in co-ordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time for ensuring 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, 2023, the Board comprised of 6 (six) Directors consisting of 4(four) Independent Directors [including 2 (two) independent woman director], 1 (one) Non-Executive Director nominated by the majority shareholder and 1 (one) Managing Director and CEO. There were no changes in the Board of Directors of the Company during the year under review. Mr. Ravi Venkatraman was appointed as Independent Director w.e.f. July 5, 2021 and Mr. Amit Gainda was appointed as Managing Director & CEO w.e.f. March 2, 2022. During the year under review, the Board met 9 (Nine) times. The meetings of the Board were held on May 5, 2022, August 2, 2022, September 2, 2022, November 10, 2022, November 18, 2022, December 27, 2022, January 5, 2023, February 1, 2023 and March 16, 2023.

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 Non- Executive Directors hold any shares or convertible instruments of the Company. 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, Companies Act, 2013 and other applicable laws.

Sr. No.	Name of Director, DIN, Designation, Category and date of appointment	No. of Other Directorship	Outside Committee positions held*		Names of listed entities where Director holds Directorship and category**	No. of Board meeting attended during the year	Whether attended last AGM?
			Member	Chairperson			
1	**Mr. Neeraj Swaroop** (DIN: 00061170) Chairperson- Non-executive Independent Director 30/07/2019	3	1	0	Nominee Director at Spandana Sphoorty Financial Limited	9	Yes
2	**Ms. Vijayalakshmi Iyer** (DIN: 05242960) Non-executive Independent Director 30/07/2019	10	8	3	Independent Director at i. Glenmark Pharmaceuticals Limited ii. Poonawalla Fincorp Limited iii. Computer Age Management Services Limited iv. Aditya Birla Capital Limited v. ICICI Securities Limited vi. CG Power and Industrial Solutions Limited	8	No
3	**Ms. Savita Mahajan** (DIN: 06492679) Non-executive Independent Director 01/12/2018	3	2	0	Independent Director at Aurobindo Pharma Limited	9	No
4	**Mr. Ravi Venkatraman** (DIN: 00307328) Non-executive Independent Director 05/07/2021	6	1	0	--	9	No
5	**Mr. Narendra Ostawal** (DIN: 06530414) Non-executive Non-Independent Director 30/07/2019	7	2	0	Nominee Director at Computer Age Management Services Limited and Home First Finance Company India Limited	9	Yes
6	**Mr. Amit Gainda** (DIN: 09494847) Executive Director- Managing Director & CEO 02/03/2022	0	0	0	--	9	Yes

*Chairmanship/Membership of Audit Committee and Stakeholders Relationship Committee in all Indian public companies
** Only equity listed entities are considered.

Core Skills/Expertise/Competencies of the Board

As stipulated under Schedule V of the Listing Regulations, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors. The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, expertise, diversity and independence. The chart matrix for the above alongwith the names of directors who possess that skills is placed on the Company's website at **https://www.avanse.com/investors.**

Familiarisation Program:

Pursuant to the applicable provisions of the Listing Regulations, the Company has adopted Familiarization Programme. The familiarization 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 familiarization programmes for Independent Director(s) are put up on the website of the Company and can be accessed through at **https://www.avanse.com/investors.**

3. Committees of the Board:

Your Board has constituted committees with specific terms of reference as per the requirements of the Listing Regulations, the Act, RBI Master Directions and other applicable provisions. The Board 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's Master Direction on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016, 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 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/investors.

During the year under review, the Committee met 4 (Four) times i.e. on May 5, 2022, August 2, 2022, November 11, 2022 and February 2, 2023.

The composition of the Audit Committee as on March 31, 2023 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of Member	Category of Members	Number of meetings	
			Held during the tenure	Attended
1	Mr. Ravi Venkatraman	Independent Director & Chairperson	4	4
2	Ms. Vijayalakshmi Iyer	Independent Director & Member	4	4
3	Mr. Narendra Ostawal	Non-executive Director & Member	4	4

The Statutory and Internal Auditors 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. In conducting such reviews, the Committee found 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 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/investors. During the year under review, the Committee met 5 (Five) times i.e. on May 5, 2022, November 11, 2022, November 18, 2022, February 28, 2023 and March 16, 2023.

The composition of the NRC Committee as on March 31, 2023 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of Member	Category of Members	Number of meetings	
			Held during the tenure	Attended
1	Ms. Vijayalakshmi Iyer	Independent Director & Chairperson	5	4
2	Mr. Neeraj Swaroop	Independent Director & Member	5	5
3	Mr. Narendra Ostawal	Non-executive Director & Member	5	5

Performance Evaluation Criteria for Independent Directors:

The Board has carried out an annual evaluation of its own performance, Committees of the Board and individual Directors for the Financial Year 2022-23. 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; and (iv) ability to keep himself/herself updated on the areas and issues that are likely to be discussed at the Board level.

The Independent Directors, at their separate Meeting 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 has been 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 Listing Regulations. The terms of reference of this Committee, inter alia, includes 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 August 2, 2022.

Mr. Rajesh Gandhi has been appointed as the Compliance Officer of the Company as per the provisions of the Listing Regulations w.e.f. November 11, 2022.

The composition of the SRC as on March 31, 2023 and the details of attendance of each Committee Member at the above said meeting is as follows:

Sr. No.	Name of Member	Category of Members	Number of meetings	
			Held during the tenure	Attended
1	Mr. Neeraj Swaroop	Independent Director & Chairperson	1	1
2	Mrs. Savita Mahajan	Independent Director & Member	1	1
3	Mr. Narendra Ostawal	Non-executive Director & Member	1	1

Details of Shareholders' Complaints:

During the Financial Year 2022-23, no complaints were received from the shareholders.

Complaints pending as on April 01, 2022	Complaints received during the period from April 01, 2022 to March 31, 2023	Complaints disposed off during the period from April 01, 2022 to March 31, 2023	Complaints pending as on March 31, 2023
Nil	Nil	Nil	Nil

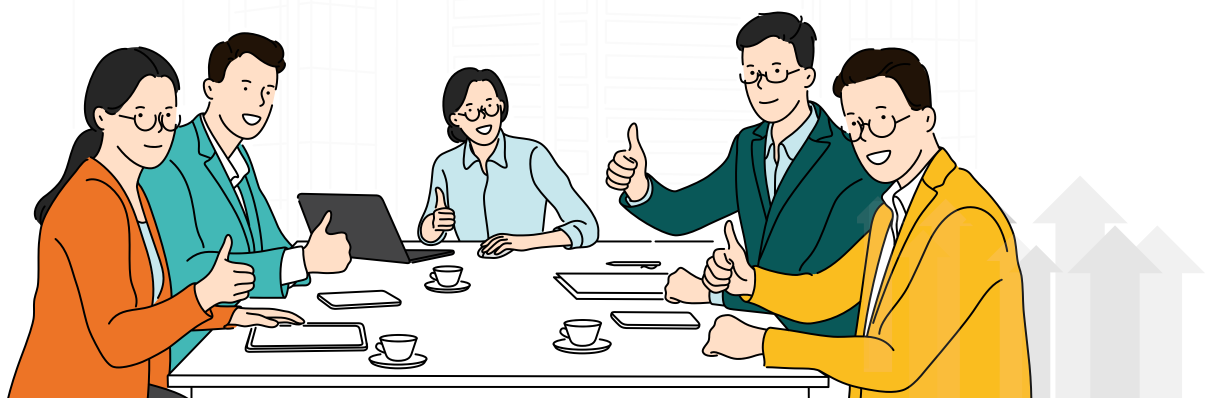
d. Risk Management Committee ("RMC"):

This Committee is constituted in compliance with Regulation 21 of the Listing Regulations and the RBI Master Direction. 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 Listing Regulations and other applicable laws.

The composition of the RMC as on March 31, 2023 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of Member	Category of Members	Number of meetings	
			Held during the tenure	Attended
1	Mr. Neeraj Swaroop	Independent Director & Chairperson	4	4
2	Mr. Ravi Venkatraman	Independent Director & Member	4	4
3	Ms. Vijayalakshmi Iyer	Independent Director & Member	4	2
4	Mr. Narendra Ostawal	Non-executive Director & Member	4	4
5	Mr. Amit Gainda	Managing Director and CEO & Member	4	4
6	Mr. Vineet Mahajan	Chief Financial Officer & Member	4	4
7	Mr. Samir Mohanty	Chief Transformation Officer & Member	4	4
8	Mr. Sorabh Malhotra	Chief Risk Officer & Member@	2	2
9	Mr. Yogesh Rawat	Chief Operating Officer & Member$	1	1

@ Appointed as member of RMC with effect from September 23, 2022.
$ Appointed as member of RMC with effect from November 11, 2022.



e. Corporate Social Responsibility (CSR) Committee

This 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/investors. The composition of the CSR Committee as on March 31, 2023 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of Member	Category of Members	Number of meetings	
			Held during the tenure	Attended
1	Mrs. Savita Mahajan	Independent Director & Chairperson	3	3
2	Mr. Ravi Venkatrman	Independent Director & Member	3	3
3	Mr. Narendra Ostawal	Non-executive Director & Member	3	2

e. IT Strategy Committee ("ITC"):

This Committee is constituted in compliance with the RBI Master Direction. 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/investors. The composition of the ITC as on March 31, 2023 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of Member	Category of Members	Number of meetings	
			Held during the tenure	Attended
1	Mr. Neeraj Swaroop	Independent Director & Chairperson	2	2
2	Mrs. Savita Mahajan	Independent Director & Member	2	2
3	Mr. Narendra Ostawal	Non-executive Director & Member	2	2
4	Mr. Amit Gainda	Managing Director and CEO & Member	2	2
5	Mr. Vineet Mahajan	Chief Financial Officer & Member	2	2
6	Mr. Samir Mohanty	Chief Transformation Officer & Member	2	2
7	Mr. Amit Yadav	CBO-Digital and Chief Strategy Officer & Member	2	2
8	Mr. Sorabh Malhotra	Chief Risk Officer & Member@	1	1
9	Mr. Yogesh Rawat	Chief Operating Officer & Member$	0	0

@ Appointed as member of ITC with effect from September 23, 2022.
$ Appointed as member of ITC with effect from November 11, 2022.

4. Remuneration to Directors

The Company has not entered into any pecuniary transaction with its Non-Executive Non-Independent Directors.

All Independent Directors are paid sitting fees and commission. 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/investors.**

The remuneration package of Mr. Amit Gainda, Managing Director and CEO, comprises of salary, perquisites and other benefits as approved by the Shareholders of the Company. The remuneration paid to Mr. Gainda is governed by the Employment Agreement executed between him and the Company. Details of the remuneration paid to the Mr. Amit Gainda for the year ended March 31, 2023 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/investors**

5. General Body Meetings:

i. Annual General Meeting ("AGM"):

Location and time where last three AGMs were held:

Financial Year	Date	Time	Location
2021-22	September 27, 2022	10:00 AM	Registered Office of the Company
2020-21	September 6, 2021	11:00 AM	Registered Office of the Company
2019-20	September 28, 2020	11:00 AM	Registered Office of the Company

Special Resolution passed in previous three AGMs:

Sr. No.	Date of Annual General Meeting	Special Resolution
1	September 27, 2022	- Re-appointment of Mr. Neeraj Swaroop, (DIN: 00061170) as an Independent Director of the Company - Re-appointment of Ms. Vijayalakshmi Iyer, (DIN: 05242960) as an Independent Director of the Company - Issue of Non-Convertible Debentures on Private Placement basis
2	September 6, 2021	- Issue of Non-Convertible Debentures on Private Placement Basis - Re-appointment of Ms. Savita Mahajan, (DIN: 06492679) as an Independent Director of the Company
3	September 28, 2020	- Issue of Non-Convertible Debentures on Private Placement Basis

ii. Extra-Ordinary General Meeting

During FY 2022-23, five Extra-Ordinary General Meetings were held on May 6, 2022, August 12, 2022, September 6, 2022, January 6, 2023 and January 19, 2023. Details of special resolution in those meetings are as follows:

Sr. No.	Date of Annual General Meeting	Special Resolution
1	August 12, 2022	Increase in authorised share capital and consequential alteration of the MOA of the Company;
2	September 6, 2022	(a) Issue of Compulsorily Convertible Preference Shares on Rights basis; (b) Modification to Special Resolution (as mentioned in Sr. No. 1 above) ;
3	January 6, 2023	(a) Re-classification of part of unissued preference shares into equity shares and consequential alteration of the authorised share capital of the MOA of the Company; (b) Issue of equity shares to Kedaara Capital Growth Fund III LLP on a preferential basis;
4	January 19, 2023	Alteration of the Articles of Association of the Company;

Postal Ballot:

There was no postal ballot conducted during the year.

6. Means of communication:

i. Quarterly Results:

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

ii. Newspaper Publication:

The quarterly, half yearly and annual financial results of the Company along with any other communication for stakeholders has been published in 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 Listing Regulations, the Act and any other applicable laws.

iv. Official News Releases:

The Company displays official news releases as and when the situation arises.

v. Presentations:

The Company makes investor presentations when found appropriate.

7. General Shareholder Information:

a.	Incorporation Date	07/08/1992
b.	Registered Office Address	001 & 002 Fulcrum, A Wing, Ground Floor Sahar Road, Next to Hyatt Regency, Andheri (East) Mumbai - 400099
c.	Corporate Identification Number (CIN)	U67120MH1992PLC068060
d.	Date, time and venue of the AGM	As mentioned in the notice convening the AGM
e.	Financial Year	2022-23
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.	Stock/Security Code	952525
j.	Market Price data-high, low during each month in last financial year	NA
k.	Performance in comparison to broad-bases indices such as BSE sensex, CRISIL Index, etc.	NA
l.	Suspension of Company's Securities	NA
m.	Registrar & Share Transfer Agents	Link Intime India Private Limited C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: https://linkintime.co.in/ Email ID: rnt.helpdesk@linkintime.co.in
n.	Plant Locations	Since the Company is in the business of finance, the disclosure with regard to plant location is not applicable.
o.	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 & Compliance Officer: 001 & 002 Fulcrum, A Wing, Ground Floor Sahar Road, Next to Hyatt Regency, Andheri (East) Mumbai - 400099
p.	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.
q.	Commodity Price Risks/Foreign Exchange Risk and Hedging Activities	This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.
r.	Dematerialisation of Shares, Liquidity and Share Transfer System	Entire shareholding of the Company is held in Dematerialised form. Though the shares of the Company are freely transferable, they are subject to restrictions imposed under the articles of association of the Company.
s.	Distribution of shareholding pattern	N.A. The Company's equity shares are not listed.
t.	Credit rating	Details of credit rating are provided in the Board's report.

8. Other Disclosures

Vigil Mechanism/Whistle Blower Policy:

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

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 Listing Regulations in the financial statements of the Company for the year ended March 31, 2023 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/investors.**

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 board or any statutory authority, on any matter related to capital markets, during the last three years

The details are included in the Board's Report forming part of the Annual Report.

Compliance of mandatory and adoption of Discretionary requirements

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

i. The Non-Executive Director is the Chairman of the Company.

ii. Financial statements for the year ended on March 31, 2023, were unmodified.

iii. The Company has separated the post of Chairperson and that of the Managing Director & CEO.

iv. The Internal Auditor functionally reports to the Audit Committee.

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

Not applicable.

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:

₹92.65 Lakh

Disclosure in relation to the sexual harassment of women at workplace (Prevention, Prohibition and redressal) Act, 2013 for the financial year 2022-23

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
0	0	0

Disclosure of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

Not applicable.

Details of material subsidiary

The Company does not have any material subsidiary.

9. 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 2022-23."

Sd/-
Mr. Amit Gainda
Managing Director & CEO

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

Compliance Certificate that the Company is in compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations forms part of this Report.

11. Details of Debenture Trustee of the Company

Contact Person: Mr. Umesh Salvi
Name: Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited)
Address: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098
Contact Number: +91 22 4922 0555
Email Address: complianceCTL-Mumbai@ctltrustee.com
Website: www.catalysttrustee.com

CERTIFICATE ON CORPORATE GOVERNANCE

Annexure V A

To
The Members,
AVANSE FINANCIAL SERVICES LIMITED
001 & 002 Fulcrum, A Wing,
Ground Floor Sahar Road,
Next to Hyatt Regency, Andheri (East),
Mumbai – 400099.

We have examined the compliance of Corporate Governance by **Avanse Financial Services Limited** ("**the Company**") for the financial year ended on March 31, 2023 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.

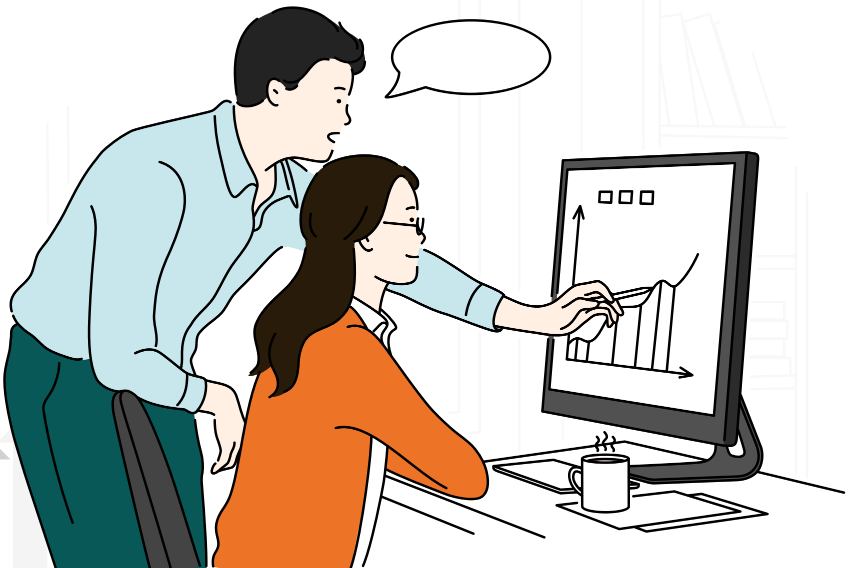
In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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: May 5, 2023
UDIN: F008279E000564791
PLACE: MUMBAI



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Annexure V B

(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,
AVANSE FINANCIAL SERVICES LIMITED
001 & 002 Fulcrum, A Wing,
Ground Floor Sahar Road,
Next to Hyatt Regency, Andheri (East),
Mumbai – 400099

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Avanse Financial Services Limited**, having CIN U67120MH1992PLC068060 and having registered office at 001 & 002 Fulcrum, A Wing, Ground Floor Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400099, Maharashtra, India, (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 2023 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, 2023	DIN	Date of Appointment
1	Mr. Amit Gainda	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

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 my 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: May 5, 2023
UDIN: F008279E000564791
PLACE: MUMBAI

INDEPENDENT AUDITOR'S REPORT

To the Members of Avanse Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Avanse Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of loans as at balance sheet date (expected credit losses) (as described in Note 6 & 42.4 of the financial statements)	
Indian Accounting Standard (Ind AS) 109 Financial Instruments requires the Company to provide for impairment of its financial loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the loan portfolio. In the process, a significant degree of judgement and estimate have been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories based on past due status or qualitative assessment; • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • The Company has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in relevant macro-economic factors. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statement, it is considered as a key audit matter.	• Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Involved internal experts specialist for testing of the ECL model. Performed procedures to test the inputs used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Tested assumptions used by the management in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
Information technology (IT) systems and controls	
The financial accounting and reporting systems of the Corporation are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.	• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). • Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting.

Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors 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 such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

- Evaluate the overall presentation, structure and content of the 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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

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

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

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

   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   g. In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 31 to the standalone financial statements;

      ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("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 ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("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 that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v No dividend has been declared or paid during the year by the Company.

vi As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102 UDIN: 23102102BGXIZE6927
Place of Signature: Mumbai
Date: May 5, 2023

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Avanse Financial Services Limited ("the Company")

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 state that:

i a. A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

a. B) The Company has maintained proper records showing full particulars of intangibles assets.

b. Property, Plant and Equipment (including right of use assets) have been physically verified by the management during the year and no material discrepancies were identified on such verification.

c. The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

d. The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii a. The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

b. As disclosed in Note 43.12 (XIII) h to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

iii a. Since, the principal business of the Company is to give loans, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

b. During the year the investments made and the terms and conditions of the grant of all loans to companies and other parties are not prejudicial to the Company's interest.

c. In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing education loans to individual customers and education infrastructure loans to non-individual customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.
Further, except for 1,957 loans classified as credit impaired ('stage 3') with aggregate exposure of principal and interest of Rs. 47.15 crores, 3,540 loans where credit risk has increased significantly since initial recognition ('stage 2') with aggregate exposure of principal and interest of Rs. 199.95 crores and 4,251 loans where the credit risk has not increased significantly since initial recognition but have some overdue of up to 30 days ('stage 1') with aggregate exposure of principal and interest of Rs. 33.12 crores as at March 31, 2023, in respect of which the Company has disclosed asset classification / staging in Note 6 to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties in respect of 1,56,427 loans with aggregate exposure of principal and interest of Rs. 8,124.57 crore are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

d. In respect of loans and advances in the nature of loans, as disclosed in Note 6 to the standalone financial statements, the total amount outstanding of loans classified as credit impaired ('stage 3') (including loans overdue for more than ninety days) as at March 31, 2023 is Rs. 47.15 crores (1,957 loans). In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

e. Since, the principal business of the Company is to give loans, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

f. The Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

iv There are no loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

v The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

vi The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

vii a. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

b. During the year, the Company has deposited Rs. 7.34 crores and 1.01 crores under protest in connection with a dispute with Income Tax authorities for the financial year 2019-20 and 2020-21.

viii The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

ix a. The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

b. The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c. Term loans were applied for the purpose for which the loans were obtained.

d. On overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

e. 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. The Company does not have any associate or joint venture.

f. The Company has not raised loans during the year on the pledge of securities held in its subsidiary. The Company does not have any associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

x a. The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

b. The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/fully or partially or optionally convertible debentures respectively during the year. The funds raised, have been used for the purposes for which the funds were raised.

xi a. No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

b. During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c. As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

xiii Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

xiv a. The Company has an internal audit system commensurate with the size and nature of its business.

b. The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

xv The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the order is not applicable to the Company.

xvi a. The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

b. The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

c. The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

d. There are no other companies forming part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

xvii The Company has not incurred cash losses in the current year or the immediately preceding financial year.

xviii There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

xix On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans 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 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 and 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 a. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 37 to the financial statements.

b. There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 37 to the financial statements.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102 UDIN: 23102102BGXIZE6927
Place of Signature: Mumbai
Date: May 5, 2023

Annexure '2' to the Independent Auditors' Report of even date on the standalone financial Statements of Avanse Financial Service Limited

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

We have audited the internal financial controls with reference to standalone financial statements of Avanse Financial Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements
Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102 UDIN: 23102102BGXIZE6927
Place of Signature: Mumbai
Date: May 5, 2023

FINANCIAL STATEMENTS FOR THE YEAR - STANDALONE

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

(₹ in Lakhs)

	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
	ASSETS			
I	**Financial assets**			
a.	Derivative financial instruments		1,472.06	350.99
b.	Cash and cash equivalents	4	1,09,709.70	63,048.59
c.	Bank balances other than (b) above	5	3,278.78	2,694.59
d.	Loans	6	8,37,346.91	4,71,598.64
e.	Investments	7	6,442.69	1,273.50
f.	Trade Receivables	8	832.98	269.19
g.	Other financial assets	9	5,976.52	339.44
			9,65,059.64	**5,39,574.94**
II	**Non-Financial assets**			
a.	Current tax assets (net)		1,952.84	276.78
b.	Deferred tax assets (net)	10	2,250.23	1,914.22
c.	Property, plant and equipment	11	1,308.99	662.98
d.	Other intangible assets	11	634.48	775.66
e.	Intangible assets under development	11	464.12	107.97
f.	Right of use assets	11	348.58	487.78
g.	Other non-financial assets	12	1,203.11	1,494.96
			8,162.35	**5,720.35**
	Total Assets		**9,73,221.99**	**5,45,295.29**
	LIABILITIES AND EQUITY			
	LIABILITIES			
I	**Financial Liablities**			
a.	Trade payables	13		
	- total outstanding dues of micro and small enterprises		77.72	37.70
	- total outstanding dues to creditors other than micro and small enterprises		5,396.02	3,378.85
b.	Debt securities	14	2,82,387.50	1,15,529.52
c.	Borrowings (other than debt securities)	15	3,98,116.24	2,37,870.90
d.	Subordinated liabilities	16	7,707.35	7,695.02
e.	Other financial liabilities	17	63,564.26	78,989.63
			7,57,249.09	**4,43,501.62**
II	**Non-Financial assets**			
a.	Current tax liabilities (net)		-	192.38
b.	Provisions	18	136.69	74.62
c.	Other non-financial liabilities	19	861.65	560.25
			998.34	**827.25**

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
III.	**Equity**			
(a)	Equity share capital	20	10,663.80	8,259.19
(b)	Other equity	21	2,04,310.76	92,707.23
	Total Equity		**2,14,974.56**	**1,00,966.42**
	Total Liabilities and Equity		**9,73,221.99**	**5,45,295.29**
	The accompanying notes form an integral part of the Standalon Financial Statements	1 to 45		

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

AVANSE FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I	**Income**			
	Revenue from operations			
a.	Interest income	22	88,687.90	47,515.44
b.	Net gain on fair value changes	23	660.32	394.10
c.	Net gain on derecognition of financial instrument		2,297.41	-
d.	Fees and commission income	24	7,313.93	2,918.95
	Total revenue from operations		**98,959.56**	**50,828.49**
e.	Other income	25	63.21	25.68
	Total income		**99,022.77**	**50,854.17**
II	**Expenses**			
a.	Finance costs	26	53,984.27	27,388.70
b.	Impairment on financial instruments	27	4,658.91	1,908.17
c.	Employee benefits expense	28	9,572.60	6,647.15
d.	Depreciation and amortisation expense	11	1,330.08	1,287.75
e.	Other expenses	29	8,343.05	5,076.42
	Total expenses		**77,888.91**	**42,308.19**
III	**Profit before tax**		**21,133.86**	**8,545.98**
IV	**Tax expense**			
a.	Current tax	30	5,727.94	2,983.45
b.	Deferred tax	30	(367.53)	(758.05)
	Total tax expense		**5,360.41**	**2,225.40**
V	**Net profit for the year**		**15,773.45**	**6,320.58**
VI	**Other comprehensive income**			
	A. Items that will not be reclassified to profit or loss			
	i. Actuarial gain on post retirement benefit plans		23.77	16.52
	ii. Income tax on above		(5.98)	(4.16)
	Subtotal (A)		**17.79**	**12.36**
	B. Items that will be reclassified to profit or loss			
	i. Fair value gain/(loss) on derivative financial instrument		284.12	138.91
	ii. Income tax on above		(71.51)	(34.96)
	Subtotal (B)		**212.61**	**103.95**
	Total other comprehensive income (A+B)		**230.40**	**116.31**
VII	**Total comprehensive income**		**16,003.85**	**6,436.89**

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
VIII	**Earnings per equity share** *(Face value of ₹ 10/- each)* Basic (₹) Diluted (₹)	32	 18.06 18.06	 7.65 7.65
	The accompanying notes form an integral part of the Standalon Financial Statements	1 to 45		

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A.	**Cash flow from operating activities**		
	Profit before tax	21,133.86	8,545.98
	Adjustment for:		
	Interest income on loans	(86,417.47)	(47,413.66)
	Depreciation and amortisation expenses	1,330.08	1,287.75
	Net gain on fair value changes (realised)	(660.32)	(394.43)
	Interest expense on borrowings	48,264.70	24,667.95
	Provision for impairment on financial instruments	1,838.08	1,465.38
	Interest on fixed deposits	(3,536.04)	(1,470.14)
	Baddebts written off	2,820.83	442.78
	ESOP Expenses	490.24	369.20
	Finance cost in Lease Liability	57.20	89.52
	Actuarial loss on post retirement benefit plans	23.77	16.52
	(Profit) / Loss on sale of fixed asset	(10.41)	-
	Operating loss before working capital changes	**(14,665.47)**	**(12,393.15)**
	Operational cash flows from interest		
	Interest received on loans	84,669.98	46,548.30
	Interest paid on borrowings	(41,846.94)	(24,851.02)
	Working capital changes		
	Adjustment for:		
	(Increase) in loans	(368,659.69)	(179,556.81)
	Decrease / (Increase) in Other non-financial assets	291.84	(387.69)
	(Increase) / Decrease in financial assets	(5,605.27)	26.10
	(Increase) in trade receivables	(563.79)	(9.75)
	(Decrease) / Increase in financial liabilities	(17,526.31)	62,280.48
	Increase in trade payables	2,057.17	1,662.38
	Increase in non financial liabilities	301.40	227.36
	Increase in Provisions	62.07	30.96
	Cash (used in) operations	**(361,485.00)**	**(106,422.84)**
	Direct taxes paid (net)	(7,642.33)	(3,303.39)
	Net cash (used in) operating activities	**(369,127.33)**	**(109,726.23)**
B.	**Cash flow from investing activities**		
	Investments in mutual fund units	(413,485.53)	(237,488.62)
	Sale of mutual fund units	414,145.85	243,385.11
	Investments in T-Bill	(5,201.00)	(1,300.00)
	Interest received on bank deposits	3,536.04	1,470.14
	Purchase of property, plant & equipment and intangible assets	(1,976.82)	(926.85)
	Sale of property, plant & equipment	73.55	-
	Bank deposit not considered as cash and cash equivalents (net)	(584.19)	(1,680.60)
	Net cash (used in)/generated from investment activities	**(3,492.10)**	**3,459.18**

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including share premium)	97,514.05	-
	Proceeds from long-term borrowings	426,503.89	201,169.85
	Repayment of long-term borrowings	(99,881.13)	(76,647.44)
	Proceeds from short-term borrowings (net)	(4,500.00)	2,511.92
	Finance cost in Lease Liability	(356.27)	(356.91)
	Net cash (used in)/generated from investment activities	**419,280.54**	**126,677.42**
	Proceeds from short-term borrowings (net)	46,661.11	20,410.37
	Finance cost in Lease Liability	63,048.59	42,638.22
	Net cash (used in) / generated from investment activities	**109,709.70**	**63,048.59**

Note:

a. 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

b. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013

c. For disclosure relating to changes in liabilities arising from financing activities refer note 35

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

-

STANDALONE STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2023

A. Equity Share Capital:

(₹ in Lakhs)

The preparation of the financial statements in conformity with Ind AS requires the Managem

reported income and expenses during the year. The Management believes that the estimates

Particulars	Balance as at 01-Apr-22	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 31-Mar-22
Equity Share Capital	8,259.19	-	-	-	8,259.19

Particulars	Balance as at 01-Apr-21	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 31-Mar-23
Equity Share Capital	8,259.19	-	-	2,404.61	10,663.80

B. Other Equity

(₹ in Lakhs)

When determining whether the risk of default on a financial instrument has increased si

	Reserves and Surplus						Total
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Cash Flow Hedge Reserve	Statutory Reserve	
Balance as at March 31, 2021	**75,923.27**	**7,469.08**	**0.14**	**484.99**	**(80.68)**	**2,104.34**	**85,901.14**
Profit for the year	-	6,320.58	-	-	-	-	6,320.58
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-	-	-	-
Transferred from statement of profit and loss	-	(1,264.12)	-	-	-	1,264.12	-
Charge for the year in respect of Stock Options	-	-	-	369.20	-	-	369.20
Other comprehensive income for the year	-	12.36	-	-	103.95	-	116.31
Balance as at March 31, 2022	**75,923.27**	**12,537.90**	**0.14**	**854.19**	**23.27**	**3,368.46**	**92,707.23**
Profit for the year	-	15,773.45	-	-	-	-	15,773.45
Addition/(Deletion)	95,109.44	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-	-	-	-
Transferred from statement of profit and loss	-	(3,154.69)	-	-	-	3,154.69	-
Charge for the year in respect of Stock Options	-	-	38.66	451.58	-	-	490.24
Other comprehensive income for the year	-	17.79	-	-	212.61	-	230.40
Balance as at March 31, 2023	**171,032.71**	**25,174.45**	**38.80**	**1,305.77**	**235.88**	**6,523.15**	**204,310.76**

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

Notes to the Standalone Financial Statement for the year ended March 31, 2023

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 Debentures of the Company are listed on BSE Limited. The Company is primarily engaged in the business of financing Education Loans to Students and Education Infrastructure Loans. The Company is registered with the Reserve Bank of India (RBI) and Ministry of Corporate Affairs. The registration details are as follows:
RBI B-13.01704
Corporate Identity Number (CIN) U67120MH1992PLC068060

The Company is Systematically Important Non-deposit taking Non-Banking Financial Company. The registered office of the Company is 001 & 002 Fulcrum Building, 'A' Wing, Sahar Road, Near Hyatt Regency Hotel, Andheri (East), Mumbai, Maharashtra- 400 099.

The financial statements of the Company for the year ended March 31, 2023 were approved for issue in accordance with the resolution of the Board of Directors on May 5, 2023.

2. Significant Accounting Policies

2.1 Basis of Accounting and Preparation of Financial Statements

Presentation of Financial Statements

The financial statements 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, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and 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') issued by RBI. The Company uses accrual basis of accounting.

Historical Cost Convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36

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

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakh, except when otherwise indicated.

2.2 Property, Plant and Equipment and Intangible Assets

i. Property, Plant and Equipment (PPE)

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

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

Category of Assets	Useful Life
Furniture & Fixtures	6 Years
Computer Hardware	3 Years
Vehicle	4 Years
Office Equipment	5 Years

Assets costing less than ₹5,000 are fully depreciated in the year of capitalisation. Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 36 months.

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

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

ii. Intangible:

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

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

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

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

Impairment on Non-Financial Assets

As at the end of each year, the Company reviews the carrying amount of its non-financial assets that is PPE and intangible to determine whether there is any indication that these assets have suffered an impairment loss. An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

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

2.3 Revenue Recognition

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

a. Interest Income

The Company recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

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 reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on certainty of recovery. The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

b. Fees and Commission Income

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 behlaf 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 obligatios
- **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 statement of profit and loss 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 Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

d. Income from Direct Assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable 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 basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

e. Other Income

Other fees represent documentation charges, ACH/ECS swap charges, cheque bouncing charges, penal interest charges and these are recognised as income when the amounts become due and there is no uncertainty in realisation.

2.4 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

c) The right to direct the use of the identified asset

The Company at the inception of the lease contract recognises 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 options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they 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 recognises 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-to-use assets is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the Statement of profit and loss.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term. Lease liability has been presented in Note 17 “Other Financial Liabilities” and ROU asset has been presented in Note 11 “Property, Plant and Equipment” and lease payments have been classified as financing cash flows.

2.5 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets as defined in Ind AS 23 are capitalised as a part of costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Interest expenses are calculated using the EIR and all other Borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

2.6 Employee Benefits

Share-Based Payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation 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 Corporation’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 statement of profit & loss 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 of the year when employees have rendered service entitling them to the contributions. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payment is available.

Defined Benefit Obligation

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

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

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

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

Short-Term Employee Benefits

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

Other Long-Term Employee Benefits

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

2.7 Income Tax

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

Current Tax

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

Deferred Tax

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

2.8 Goods and Service Tax Input Credit

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

2.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when:

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

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

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

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

2.10 Commitments

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

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

ii. Uncalled liability on shares and other investments partly paid

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

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

2.11 Statement of Cash Flows

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

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

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

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

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

2.12 Segments

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

2.13 Financial Instruments

Recognition of Financial Instruments

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

Initial Measurement of Financial Instruments

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

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

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

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

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

Cash Flow Hedge

The Company designates certain foreign exchange currency swap contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on external commercial borrowings. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income 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 Statement of Profit and Loss. If the hedging instrument expires or is sold terminated or exercised, the cumulative gain or loss on the hedging instrument recognised 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 previoulsy recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the derecognition of the hedged item.

2.14 Financial Assets

Subsequent Measurement of Financial Assets:

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

Classification of Financial Assets:

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

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

However, the Company may make the following irrevocable election/desgination at initial recognition of a financial asset on a 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

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

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term
- 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
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Debt Instruments at Amortised Cost or at Fvtoci

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting Solely Payments of Principal & 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.

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

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

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

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

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

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

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

Reclassifications

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

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

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 statement of profit or loss account.

Impairment of Financial Assets

Overview of the Expected Credit Loss principles
The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as ‘financial instruments’. Equity instruments are not subject to impairment under Ind AS 109.

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

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

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

The Company measures ECL for stage 3 assets (as defined below) on an individual basis. The measurement of the loss allowance is based on the present value of the asset’s expected cash flows using the asset’s original EIR. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

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

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

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

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

Stage 3 Non-performing assets (credit impaired assets) with overdue more than 90 DPD

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 and loans under short term financing, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109.

This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

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

Significant Increase in Credit Risk:

Accounts which are in 31 - 90 Due Past Days (DPD) bucket will be 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 will be classified as Stage II even though they have not breached the backstop indicator conditions (i.e. 0-30 DPD).

a. Restructured Asset (COVID-19 Restructuring): The Company has reclassified covid restructured loans under OTR 1.0 and 2.0 by downgrading loans in 0-30 DPD to “Stage II”, as a conservative approach for ECL provisioning. 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 will be downgraded to “sub-standard” .i.e. Stage III.

Derecognition of Financial Assets

A financial asset is derecognised only when :

- The Company has transferred the rights to receive cash flows from the financial assets

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

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

Write-off

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

2.15 Financial Liabilities and Equity Instruments

Classification as Debt or Equity

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

Financial Liabilities

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

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

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

Financial Liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term
- 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.
- 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 amortised 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 amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

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

2.16 Cash and Cash Equivalents

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

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

2.17 Earnings Per Share

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

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainties

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

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

Leases:

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Expected Credit Loss:

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

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in Note 42.4

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

4. Cash And Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash in hand	1.01	0.82
Balances with banks:		
- In Current Accounts	12,387.80	10,019.07
- In Deposit accounts (refer note 4.1 below)	96,250.01	52,787.00
Interest accrued but not due on fixed deposits	1,070.88	241.70
Total	**109,709.70**	**63,048.59**

4.1 Short-term deposits are made for varying periods from seven days to one year, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term fixed rates.

5. Other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Deposit accounts under lien against which facilities are availed (refer note 5.1 & 5.2 below)	3,052.61	2,599.61
Interest accrued but not due on fixed deposits	226.17	94.98
Total	**3,278.78**	**2,694.59**

5.1 Encumbrances on Fixed deposits held by the Company

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits pledged for:		
Availing credit enhancement towards securitisation transactions		
DCB Bank	1,525.91	2,598.61
ICICI Bank	1,525.70	-
Bank Overdrafts		
Bank of Baroda	1.00	1.00
Total	**3,052.61**	**2,599.61**

5.2 Deposits are made for varying periods from 1 to 3 years and earn interest at the respective fixed rates.

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

6. Loans

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Term loans	8,46,588.21	4,79,001.87
Total – Gross (A)	8,46,588.21	4,79,001.87
Less: Impairment loss allowance (refer note 27)	9,241.30	7,403.23
Total – Net (A)	**8,37,346.91**	**4,71,598.64**
(a) Secured by tangible assets	1,82,148.83	1,54,951.73
(b) Secured by accounts receivables, fixed deposits, LIC etc	16,911.80	28,050.16
(c) Unsecured	6,47,527.58	2,95,999.98
Total – Gross (B)	8,46,588.21	4,79,001.87
Less: Impairment loss allowance	9,241.30	7,403.23
Total – Net (B)	**8,37,346.91**	**4,71,598.64**
(I) Loans in India		
Public Sector	-	-
Others	8,46,588.21	4,79,001.87
Total – Gross (C) (I)	8,46,588.21	4,79,001.87
Less: Impairment loss allowance	9,241.30	7,403.23
Total – Net (C) (I)	**8,37,346.91**	**4,71,598.64**
(I) Loans outside India	-	-
Total (C) (I + II)	**8,37,346.91**	**4,71,598.64**

Refer note 42.4 (i)

6.1 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. Sales, if any, are insignificant and do not impact the business model.

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

			As at March 31, 2023			
Category		**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**	**PD**
Stage 1	High quality assets	Loan	8,21,842.37	1,845.43	8,19,996.94	0.05% to 37.08%
Stage 2	Assets including restructured assets for which there is significant increase in credit risk	Loan	20,024.63	4,123.08	15,901.55	0.05% to 67.20%
Stage 3	Credit impaired assets	Loan	4,721.21	3,272.79	1,448.42	100%
Total			**8,46,588.21**	**9,241.30**	**8,37,346.91**	

(₹ in Lakhs)

Category		Assets category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount	PD
			As at March 31, 2022			
Stage 1	High quality assets	Loan	4,52,814.27	1,782.76	4,51,031.51	0.03% to 8.26%
Stage 2	Assets including restructured assets for which there is significant increase in credit risk	Loan	19,997.72	1,949.40	18,048.32	0.03% to 39.18%
Stage 3	Credit impaired assets	Loan	6,189.88	3,671.07	2,518.81	100%
Total			**4,79,001.87**	**7,403.23**	**4,71,598.64**	

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

(₹ in Lakhs)

FY 2022-23	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**4,52,814.27**	**19,997.72**	**6,189.88**	**4,79,001.87**
Transfer during the year				
Transfers to Stage 1	1,006.77	(572.47)	(434.30)	-
Transfers to Stage 2	(2,876.97)	3,562.59	(685.62)	-
Transfers to Stage 3	(1,181.00)	(1,321.25)	2,502.25	-
New credit exposure during the year, net of repayments	3,72,079.30	(1,641.96)	(30.17)	3,70,407.17
Amounts written off	-	-	(2,820.83)	(2,820.83)
Gross carrying amount closing balance	**8,21,842.37**	**20,024.63**	**4,721.21**	**8,46,588.21**

(₹ in Lakhs)

FY 2021-22	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2,81,050.63**	**12,835.10**	**5,136.75**	**2,99,022.48**
Transfer during the year				
Transfers to Stage 1	1,461.56	(1,144.23)	(317.33)	-
Transfers to Stage 2	(8,783.38)	8,836.31	(52.93)	-
Transfers to Stage 3	(912.52)	(1,465.73)	2,378.25	-
New credit exposure during the year, net of repayments	1,80,092.73	1,035.00	(705.56)	1,80,422.17
Amounts written off	(94.75)	(98.73)	(249.30)	(442.79)
Gross carrying amount closing balance	**4,52,814.27**	**19,997.72**	**6,189.88**	**4,79,001.87**

(₹ in Lakhs)

FY 2022-23	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	**1,782.76**	**1,949.40**	**3,671.07**	**7,403.23**
Transfer during the year				
Transfers to Stage 1	6.23	(4.53)	(1.70)	-
Transfers to Stage 2	(532.95)	660.06	(127.11)	-
Transfers to Stage 3	(642.80)	(859.77)	1,502.57	-
New credit exposure during the year, net of repayments	1232.20	2,377.92	1,048.71	4,658.82
Amounts written off	-	-	(2,820.75)	(2,820.75)
ECL allowance - closing balance	**1,845.43**	**4,123.08**	**3,272.79**	**9,241.30**

(₹ in Lakhs)

FY 2021-22	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	**1,155.57**	**920.86**	**3,861.42**	**5,937.85**
Transfer during the year				
Transfers to Stage 1	298.51	(110.31)	(188.20)	-
Transfers to Stage 2	(31.12)	62.51	(31.39)	-
Transfers to Stage 3	(3.23)	(141.30)	144.53	-
New credit exposure during the year, net of repayments	363.46	1,225.04	86.78	1,675.28
Amounts written off	(0.43)	(7.40)	(202.07)	(209.90)
ECL allowance - closing balance	**1,782.76**	**1,949.40**	**3,671.07**	**7,403.23**

6.2 The details of 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:

(a) repayable on demand
(b) without specifying any terms or period of repayment

Type of borrower	Type of borrower		Type of borrower	
	Amount of loan or advance in the nature of loan outstanding	Percentage of the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage of the total Loans and Advances in the nature of loans
Promoter	-	-	-	-
Director	-	-	-	-
KMPs	-	-	-	-
Related Parties	-	-	-	-
Total	-	-	-	-

7. Investments

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Outside India	-	-
In India		
Equity investment in subsidiary	1.00	-
	1.00	**-**
At fair value through statement of profit and loss		
Outside India	-	-
In India:		
- Treasury Bill:		
- Treasury Bill (refer note 7.1 & 7.2 below)	6,500.00	1,300.00
- Less : Unamortised Income	(58.31)	(26.50)
Total	**6,441.69**	**1,273.50**
Grand Total	**6,442.69**	**1,273.50**

Note 7.1

(₹ in Lakhs)

Name of instrument	Name of instrument		Name of instrument	
	No of units	Amount	No of units	Amount
Treasury Bill				
182 DTB 28-07-2023 - 6.87%	5,00,000	489.24	-	-
91 DTB 28-04-2023 - 6.51%	10,00,000	995.19	-	-
91 DTB 28-04-2023 - 6.60%	20,00,000	1,990.30	-	-
91 DTB 04-05-2023 - 6.60%	10,00,000	994.08	-	-
182 DTB 15-06-2023 - 6.70%	20,00,000	1,972.88	-	-
364 DTB 20-10-2022 - 4.21%	-	-	3,00,000	293.17
182 DTB 22-09-2022 - 4.21%	-	-	10,00,000	980.33
Total (B)	**65,00,000.00**	**6,441.69**	**13,00,000.00**	**1,273.50**

Note 7.2

Investment in treasury bill is valued at amortised cost as fair value of the investment is approximately same

8. Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables- Unsecured; Considered Good	880.69	316.90
Trade Receivables- Unsecured; Which has significant increase in credit risk	-	-
Total	**880.69**	**316.90**
Impairment Loss Allowance	47.71	47.71
Net receivables	**832.98**	**269.19**

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
Trade receiavbles are non-interest bearing and are generally on terms of 30 to 90 days.

b) Trade receivables day past due

As at March 31, 2023	Current	1-90 days	91-180 days	181-270 days	270-360 days	>360 days	Total
Estimated total gross carrying amount at default*	-	832.66	0.06	0.06	-	47.91	880.69
ECL - simplified approach	-	-	-	-	-	47.71	47.71
Net carrying amount	-	**832.66**	**0.06**	**0.06**	-	**0.20**	**832.98**

As at March 31, 2023	Current	1-90 days	91-180 days	181-270 days	270-360 days	>360 days	Total
Estimated total gross carrying amount at default*	-	268.25	-	9.38	-	39.27	316.90
ECL - simplified approach	-	-	-	8.44	-	39.27	47.71
Net carrying amount	-	**268.25**	**-**	**0.94**	-	**-**	**269.19**

No trade or other receivable is due from directors or other officer of the Company either severally or jointly with any other person. Nor any trade or other receivable is due from firm or private companies respectively in which any director is a partner or director or a member.The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

*There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

Particulars	Outstanding for following periods from due date of payment					
As at 31 March 2023	**0- 6 Months**	**6 mnths– 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade Receivables – considered good	832.72	0.06	0.20	-	-	832.98
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivable – credit impaired	-	-	-	-	-	-
Total	**832.72**	**0.06**	**0.20**	**-**	**-**	**832.98**

Particulars	Outstanding for following periods from due date of payment					
As at 31 March 2022	**0- 6 Months**	**6 mnths– 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade Receivables – considered good	268.25	0.94	-	-	-	269.19
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivable – credit impaired	-	-	-	-	-	-
Total	**268.25**	**0.94**	**-**	**-**	**-**	**269.19**

9. Others Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits	585.31	339.44
Other advances (Refer note below)	5,391.21	-
Total	**5,976.52**	**339.44**

Note - Other advances include amount ₹40.85 Lakh receivable from wholly owned subsidiary 'Avanse Global Finance IFSC Pvt Ltd'

10. Deferred Tax Assets (net)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Impairment of Financial instruments	2,075.62	1,551.65
Measurement of Financial instruments at amortised cost	(19.56)	196.03
Disallowances under section 43B of the Income Tax Act, 1961	17.80	11.36
Difference between books and tax written down value of fixed assets	176.37	155.18
Total	**2,250.23**	**1,914.22**

(refer note 30.2 & 30.3)

11. Property, Plant and Equipment & Other Intangible Assets:

(₹ in Lakhs)

Description	Gross Block				Depreciation/Amortisation				Net Block
	As at 01.04.2022	Additions for the year	Deletions for the year	As at 31.03.2023	Up to 01.04.2022	Charge for the year	Deletions for the year	Up to 31.03.2023	As at 31.03.2023
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	295.88	23.42	-	319.30	285.07	15.33	-	300.40	18.90
Computers	620.79	324.84	-	945.63	418.23	188.55	-	606.78	338.85
Office Equipment	417.92	129.59	-	547.51	225.29	97.93	-	323.22	224.29
Furniture and fixtures	104.38	2.24	-	106.62	52.79	16.70	-	69.49	37.13
Vehicle	266.46	660.59	86.02	841.03	73.52	113.02	22.88	163.66	677.37
Total	**1,717.88**	**1,140.68**	**86.02**	**2,772.54**	**1,054.90**	**431.53**	**22.88**	**1,463.55**	**1,308.99**
INTANGIBLE ASSETS									
Computer Software	2,926.83	479.98	-	3,406.81	2,151.17	621.16	-	2,772.33	634.48
Right of use assets - Premises	1,387.88	138.19	-	1,526.07	900.10	277.39	-	1,177.49	348.58

(₹ in Lakhs)

Description	Gross Block				Depreciation/Amortisation				Net Block
	As at 01.04.2021	Additions for the year	Deletions for the year	As at 31.03.2022	Up to 01.04.2021	Charge for the year	Deletions for the year	Up to 31.03.2022	As at 31.03.2022
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	12.45	-	-	-	-	-	-	12.45	12.45
Leasehold improvements	295.88	-	-	285.07	210.50	74.57	-	10.81	18.90
Computers	490.74	130.05	-	418.23	299.71	118.52	-	202.56	338.85
Office Equipment	390.93	26.99	-	225.29	147.35	77.94	-	192.63	224.29
Furniture and fixtures	102.57	1.81	-	52.79	36.11	16.68	-	51.59	37.13
Vehicle	81.04	185.42	-	73.52	28.31	45.21	-	192.94	677.37
Total	**1,373.61**	**344.27**	**-**	**1,054.9**	**721.98**	**332.92**	**-**	**662.98**	**1,308.99**
INTANGIBLE ASSETS									
Computer Software	2,369.56	557.27	-	2,926.83	1,482.12	669.05	-	2,151.17	775.66
Right of use assets - Premises	1,387.88	-	-	1,387.88	614.32	285.78	-	900.10	487.78

Intangible assets under development aging schedule

(₹ in Lakhs)

Intangible assets under development	Amount in CWIP for a period FY 2022-23				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	464.12	-	-	-	**464.12**
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development	Amount in CWIP for a period FY 2021-22				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	107.97	-	-	-	**107.97**
Projects temporarily suspended	-	-	-	-	-

12. Other Non-Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid Expenses	293.69	326.76
Balances with Government Authorities	482.02	225.31
Compensated absences Fund	65.97	29.47
Other Advances	361.44	913.42
Total	**1,203.11**	**1,494.96**

Note: Other advances for previous year mainly include receivable from erstwhile DHFL against fixed deposit collaterals maintained by Company's borrowers with DHFL (backed by bank guarantee).

13. Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	77.72	37.70
- Total outstanding dues of creditors Other than micro enterprises and small enterprises	5,396.02	3,378.85
Total	**5,473.74**	**3,416.55**

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

Disclosure pertaining to Micro and Small Enterprises as at March 31,2023 are as under :

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	77.72	37.70
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	**77.72**	**37.70**

Particulars	Outstanding for following periods from due date of payment				
As at 31st March 2023	**0-1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	77.72	-	-	-	**77.72**
Total outstanding dues of creditors other than micro enterprises and small enterprises	649.91	-	-	-	**649.91**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	**-**
Total	727.63				**727.63**

Particulars	Outstanding for following periods from due date of payment				
As at 31st March 2022	**0-1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	37.70	-	-	-	**37.70**
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,257.18	-	-	-	**1,257.18**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	**-**
Total	1,294.88				**1,294.88**

*Unbilled dues are of Rs 4,746.11 lakh as on March' 23 (As on March '22- Rs 2,121.67 lakh)

14. Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Secured		
Non Convertible Debentures (refer note 14.1 & 14.2)	2,71.497.66	1,08,556.39
Interest accrued but not due on borrowings	10,889.84	4,494.62
Unsecured		
Commercial Papers (refer note 14.2)	-	2,500.00
Less : Unexpired discount on Commercial Papers	-	(21.49)
Total	**2,82,387.50**	**1,15,529.52**
Debt Securities in India	2,82,387.50	1,15,529.52
Debt Securities outside India	-	-
Total	**2,82,387.50**	**1,15,529.52**

14.1 Non-convertible debentures aggregating ₹273,600 Lakh (P.Y. 2021-22 Rs.1,09,000 lakh) are secured by way of first charge on freehold land (proportionately) and hypothecation on pool of certain loan fund balances of the Company.

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

(₹ in Lakhs)

Particulars	Maturity Date	As at March 31, 2023	As at March 31, 2022
Non convertible debentures			
Private Placement - Face value of Rs.10,00,000 each			
9.65% Non- Convertible Debentures	2022-23	-	1,000.00
11.40% Non- Convertible Debentures	2022-23	-	19,500.00
11.40% Non- Convertible Debentures	2022-23	-	10,500.00
10.05% Non- Convertible Debentures	2022-23	-	500.00
9.50% Non- Convertible Debentures	2023-24	5,000.00	5,000.00
9.50% Non- Convertible Debentures	2023-24	5,000.00	5,000.00
8.04% Non- Convertible Debentures	2023-24	9,500.00	-
8.40% Non- Convertible Debentures	2023-24	10,000.00	10,000.00
8.40% Non- Convertible Debentures	2023-24	6,000.00	10,000.00
8.40% Non- Convertible Debentures	2023-24	3,500.00	3,500.00
8.40% Non- Convertible Debentures	2023-24	15,500.00	25,000.00
9.55% Non- Convertible Debentures	2023-24	37,500.00	-
7.40% Non- Convertible Debentures	2024-25	15,000.00	15,000.00
9.05% Non- Convertible Debentures	2024-25	40,000.00	-
9.25% Non- Convertible Debentures	2024-25	15,000.00	-
9.30% Non- Convertible Debentures	2024-25	40,000.00	-
9.25% Non- Convertible Debentures	2025-26	60,000.00	-
9.30% Non- Convertible Debentures	2025-26	100.00	-
10.10% Non- Convertible Debentures	2025-26	2,500.00	2,500.00
10.10% Non- Convertible Debentures	2025-26	1,500.00	1,500.00
9.65% Non- Convertible Debentures	2026-27	7,500.00	-
Total NCD (A)		**2,73,600.00**	**1,09,000.00**
Commercial paper			
Private Placement - Face value of Rs.5,00,000 each			
5.85% Private Placement	2022-23	-	2,500.00
Total commercial paper (B)		**-**	**2,500.00**
Total (C) = (A) + (B)		**2,73,600.00**	**1,11,500.00**
Add : Interest accrued & effective Interest rate adjustments		8,787.50	4,029.52
Total		**2,82,387.50**	**1,15,529.52**

15. Borrowings (Other Than Debt Securities)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost (within India)		
Secured		
Term Loans from Banks (refer note 15.1 & 15.2)	372,072.75	108,556.39
Term Loans from other parties (refer note 15.1 & 15.2)	15,082.66	13,947.94
Cash Credit from Banks (refer note 15.3)	-	2,500.00
Interest accrued but not due on borrowings	69.14	42.86
Total (A)	**387,224.55**	**226,865.60**
At Amortised Cost (outside India)		
Secured		
External Commercial borrowing (ECB)	10,862.42	10,973.01
Interest accrued but not due on borrowings	29.27	32.29
Total (B)	**10,891.69**	**11,005.30**
Total (C) = (A) + (B)	**398,116.24**	**237,870.90**

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

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

Range of Rate of Interest	As at 31.03.2023			
	Up to 1 Yr (April 2023 to March 2024)	1-3 yrs (April 2024 to March 2026)	3yrs & above (April 2026 onwards)	Total
6.01 % to 8.00%	490.00	-	-	490.00
8.01 % to 9.00%	20,726.08	40,946.28	27,418.88	89,091.24
9.01 % to 10.00%	67,664.97	1,34,998.77	71529.16	2,74,192.90
10.01 % to 11.00%	14,008.85	16,721.48	4811.2	35,541.53
Total	**102,889.90**	**192,666.53**	**103,759.24**	**399,315.67**
Less: Adjustment on account of Interest Accrued, fair value of ECB & effective Interest rate				(1,199.43)
Total				**398,116.24**

Range of Rate of Interest	As at 31.03.2023			
	Up to 1 Yr (April 2022 to March 2023)	1-3 yrs (April 2023 to March 2025)	3yrs & above (April 2025 onwards)	Total
6.01 % to 8.00%	4,050.00	8,400.00	8,025.00	20,475.00
8.01 % to 9.00%	38,641.91	86,342.03	64,420.23	1,89,404.17
9.01 % to 10.00%	7,948.95	9,409.34	9,161.89	26,520.18
10.01 % to 11.00%	2,293.55	600.00	-	2,893.55
Total	**52,934.41**	**1,04,751.37**	**81,607.12**	**239,292.90**
Less: Adjustment on account of Interest Accrued, fair value of ECB & effective Interest rate				(1,422.00)
Total				**237,870.90**

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

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

16. Subordinated Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
Non Convertible Debentures (refer note 16.1)	7,455.84	7,442.79
Interest accrued but not due on borrowings	251.51	252.23
Total	**7,707.35**	**7,695.02**
Debt Securities in India	7,707.35	7,695.02
Debt Securities outside India	-	-
Total	**7,707.35**	**7,695.02**

16.1 Maturity profile and rate of interest/ discounted rate of interest of Subordinated liabilities:

(₹ in Lakhs)

Particulars	Maturity Date	As at March 31, 2023	As at March 31, 2022
Non convertible debentures Private Placement - Face value of Rs.10,00,000 each			
10.50% Non-Convertible Debentures (Unsecured)	2023-24	2,500.00	2,500.00
9.50% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00
9.35% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00	2,500.00
Total		**7,500.00**	**7,500.00**
Add : Interest accrued & effective Interest rate adjustments		207.35	195.02
Total		**7,707.35**	**7,695.02**

17. Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Employee Benefits Payable	2,173.91	993.09
Advance received from customers	16,119.08	7,447.50
Book overdraft	11,296.75	21,056.37
Lease liability	405.56	566.43
Amounts payable under securitisation arrangement	33,568.96	48,926.24
Total	**63,564.26**	**78,989.63**

18. Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits		
- Gratuity (refer note 38)	136.69	74.62
Total	**136.69**	**74.62**

19. Other Non-Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	861.65	560.25
Total	**861.65**	**560.25**

20. Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
AUTHORISED		
175,000,000 Equity Shares of ₹ 10 each (FY 2021-22 10,00,00,000 Equity Shares of ₹ 10 each)	17,500.00	10,000.00
25,000,000 Preference Shares of ₹ 10 each (FY 2021-22 Nil Preference Shares of ₹ 10 each)	2,500	-
	20,000.00	**10,000.00**
'Issued, Subscribed and Fully Paid Up		
'106,638,002 Equity Shares Of ₹ 10 Each (Fy 2021-22 82,591,861 Equity Shares Of ₹ 10 Each)	10,663.80	8,259.19
Total	**10,663.80**	**8,259.19**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	82,591,861	8259.19	82,591,861	8,259.19
Shares issued during the year	24,046,141	2404.61	-	-
Shares outstanding at the end of the year	**106,638,002**	**10,663.80**	**82,591,861**	**8259.19**

20.1 (b) Rights, Preferences and Restrictions

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

The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Olive Vine Investment Ltd*	74,697,037	70.05%	66,073,488	80.00%
International Finance Corporation	18,674,260	17.51%	16,518,373	20.00%
Kedaara Capital Growth Fund III LLP	13,266,705	12.44%	-	-

20.1. (d) Shareholding of promoters

As at March 31, 2023			% Change during the year
Promoter Name	No of Shares	% of total shares	
Olive Vine Investment Ltd*	74,697,037	70.05%	(9.95%)

As at March 31, 2022			% Change during the year
Promoter Name	No of Shares	% of total shares	
Olive Vine Investment Ltd*	66,073,488	80.00%	-

* Including shares held jointly with nominee Shareholders

21. Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium	171,032.71	75,923.27
General Reserve	38.80	0.14
Statutory Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	6,523.15	3,368.46
Stock Options Reserve	1,305.77	854.19
Cash Flow Hedge Reserve	235.88	23.27
Retained Earnings	25,174.45	12,537.90
Total	**204,310.76**	**92,707.23**

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

Securities Premium

Securities premium account is used to record the premium on issue of shares and utilisation towards share issue expenses.

General Reserve

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

Statutory Reserve:

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

Stock Options Reserve:

Stock options reserve account relates to the stock options granted by the Company to employees under an Employees Stock Option Scheme

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, debenture redemption reserve, dividends or other distributions paid to shareholders.

22. Interest Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial assets measured at amortised cost		
- Interest on Loans	84,928.25	46,044.97
- Interest Income on fixed deposit	3,536.04	1,470.14
- Interest Income from Treasury Bill	223.61	0.33
Total	**88,687.90**	**47,515.44**

23. Net gain on Fair Value Changes

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
'Realised gain on sale of mutual funds	660.32	394.10
Total	**660.32**	**394.10**

24. Fees and Commission income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Type of services		
Forex commission	2,562.15	944.40
Insurance commission	1,599.02	654.25
Prepayment & other fees and charges	3,152.76	1,320.29
Total	**7,313.93**	**2,918.95**

Set out below is the revenue from contracts with customers and reconciliation to the statement of profit and loss

Geographical markets		
- India	7,313.93	2,918.95
- Outside India	-	-
Total	**7,313.93**	**2,918.95**

Timing of revenue recognition		
Services transferred at a point in time	7,313.93	2,918.95
Services transferred over time	-	-
Total	**7,313.93**	**2,918.95**

Note: For receivable balances against the income, refer note no 8.

25. Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Miscellaneous income	63.21	25.68
Total	**63.21**	**25.68**

26. Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	29,211.47	15,238.30
Interest on debt securities	20,840.27	10,288.22
Financial liability towards securitisation	3,750.65	1,671.20
Finance cost on lease liability	57.20	89.52
Other finance charges	124.68	101.46
Total	**53,984.27**	**27,388.70**

27. Impairment of financial instruments

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial assets measured at amortised cost		
Provision for expected credit loss	1,838.08	1,465.38
Write Offs	2,820.83	442.79
Total	**4,658.91**	**1,908.17**

28. Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Bonus and other allowances	8,845.51	6,138.03
Contribution to Provident Fund and Other Funds (refer note 38)	338.23	276.71
Gratuity (refer note 38)	109.13	94.98
Staff Welfare Expenses	279.73	137.43
Total	**9,572.60**	**6,647.15**

29. Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Electricity Charges	76.89	50.58
Security Charges	11.53	8.17
Manpower Outsourcing	900.86	468.23
Rent	190.73	113.98
Office Maintenance	57.35	51.87
Insurance Charges	161.38	130.97
Rates and Taxes	99.23	41.60
Housekeeping Expenses	102.73	81.29
Business Sourcing Expenses	1,567.21	845.69
Travelling and Conveyance	714.60	506.69
Rating Fees	276.01	146.60
Printing and Stationery	91.45	57.24
Postage, Telephone and Fax	149.64	179.90
Advertising	328.84	345.95
Bank Charges	82.20	29.82
Annual Maintenance Charges	1,068.07	251.57
Director's Remuneration & Sitting Fees	88.18	78.04
Legal & Professional Expenses	1,970.20	1,294.42
Auditors' Remuneration (refer note below)	92.65	66.49
Corporate Social Responsibilty expenses (refer note 37)	111.00	81.13
Miscellaneous Expenses	202.30	246.19
Total	**8,343.05**	**5 ,076.42**

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) For audit and limited reviews	70.85	58.53
b) For other services	19.62	7.63
c) For reimbursement of expenses	2.18	0.33
Total	**92.65**	**66.49**

30. Reconciliation of Total Tax Charge

30.1 *(₹ in Lakhs)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax	5,727.94	2,983.45
Deferred Tax	(367.53)	(758.05)
Total income tax expenses recognised in the current year	**5,360.41**	**2,225.40**
Income tax expense recognised in other comprehensive income	77.49	39.12
Income tax expense for the year reconciled to the accounting profit:		
Profit before tax	21,133.86	8,545.98
Income tax rate	25.17%	25.17%
Income tax expense	5,318.97	2,150.85
Tax effect of:		
Others	41.44	74.55
Income tax expense recognised in Profit and Loss	**5,360.41**	**2,225.40**

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

30.2
For the year ended March 31, 2023 *(₹ in Lakhs)*

Deferred tax asset/(liability)	Opening balances as on 01.04.2022	Recognised in profit or loss (Expense)/ Income	Recognised in other comprehensive income	Closing balances as on 31.03.2023
Impairment of Financial instruments	1,551.65	523.97	-	2,075.62
Measurement of Financial instruments at amortised cost	196.03	(144.08)	(71.51)	(19.56)
Disallowances under section 43B of the Income Tax Act, 1961	11.36	12.42	(5.98)	17.80
Difference between books and tax written down value of fixed assets	155.18	21.19	-	176.37
Total	**1,914.22**	**413.50**	**(77.49)**	**2,250.23**

30.3
For the year ended March 31, 2022 *(₹ in Lakhs)*

Deferred tax asset/(liability)	Opening balances as on 01.04.2021	Recognised in profit or loss (Expense)/ Income	Recognised in other comprehensive income	Closing balances as on 31.03.2022
Impairment of Financial instruments	1,299.12	252.53	-	1,551.65
Measurement of Financial instruments at amortised cost	(201.81)	432.80	(34.96)	196.03
Disallowances under section 43B of the Income Tax Act, 1961	21.40	(5.88)	(4.16)	11.36
Difference between books and tax written down value of fixed assets	76.57	78.61	-	155.18
Total	**1,195.28**	**758.06**	**(39.12)**	**1,914.22**

31. Contingent Liabilities And Commitments

Particulars	As at March 31, 2023	As at March 31, 2022
Contingent Liabilities And Commitments		
Contingent Liabilities	-	-
Capital Commitments:		
Undisbursed commitments	79,554.64	49,655.90
Estimated amount of contracts remaining to be executed on capital account and not provided for	169.74	120.52

Note: During the year the company has paid amount of ₹7.34 Crore for assessment year 2020-21 & amount of ₹1 Crore for assessment year 2021-22 under protest.

32. Earning Per Equity Share

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Profit attributable to equity share holders (Rs. in lakh)	15,773.45	6,320.58
Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (Nos.)	87,335,209	825,91,861
Basic and diluted earnings per share (Rs.)	18.06	7.65
Nominal value per share (Rs.)	10.00	10.00

Note: There is no dilution in the EPS on account of employee stock options issued during the year since the exercise price is equal to the fair value per share.

33. Leasing

In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of operating leases are made.
The Company has acquired its office premises on operating lease basis for periods ranging from 1 year to 9 years

The Company has recognised lease liabilities and right to use assets as follows:

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Lease Liabilities		
Opening Balance	566.43	833.82
Add: Lease liabilities recognised as on 01 April 2021 on application of Ind AS 116	-	-
Add: Lease liabilities recognised during the year	138.19	-
Less: Lease liabilities written off during the year	-	-
Add: Interest accrued on lease liabilities	57.20	89.52
Less: Lease payments	(356.27)	(356.91)
Closing Balance of Lease Liabilities	**405.55**	**566.43**
Right of use assets (RoU assets)		
Opening balance	487.78	773.56
Add: RoU assets recognised as on 01 April 2019 on application of Ind AS 116	-	-
Add: RoU assets recognised during the year	138.19	-
Less: RoU assets written off during the year	-	-
Less: Depreciation on RoU assets	(277.39)	(285.78)
Closing balance of RoU assets	**348.58**	**487.78**

The aggregate depreciation expenses on ROU assets is included under depreciation and amortisation expenses in the Statement of Profit and Loss.
Table showing contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

Lease Liabilities and Lease Cash Flows

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year - contractual undiscounted cash flows	338.38	311.42
One to five years	128.2	356.12
More than five years	-	-
Total	**466.58**	**667.54**

Amount Recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities charged to finance cost	57.20	89.52
Depreciation charge for the period on RoU assets	277.39	285.78
Total	**334.59**	**375.3**

Cash out flow on account of lease payments is ₹299.07 Lakhs (previous year ₹267.38 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.

34. Segment Reporting

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

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

35. Change in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	As at April 01, 2022	Cash Flows (Net)	Others (net)*	As at March 31, 2023
Debt securities	115,529.52	162,100.00	4,757.98	282,387.50
Borrowing other than debt securities	237,870.90	160,022.76	222.57	398,116.23
Subordinated liabilities	7,695.02	-	12.33	7,707.35

Particulars	As at April 01, 2022	Cash Flows (Net)	Others (net)*	As at March 31, 2023
Debt securities	89,687.92	21,631.41	4,210.19	115,529.52
Borrowing other than debt securities	137,088.82	101,034.31	(252.2)	237,870.90
Subordinated liabilities	7,680.67	-	14.35	7,695.02

* Other column include the effect of accrued but not paid interest on borrowing, amortisation of processing fees and MTM gain on cash flow hedge for ECB, etc.

36. 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, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortised cost	43,394.52	55,802.22
Carrying amount of associated liabilities measured at amortised cost	(32,804.3)	(48,858.5)

37. 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 during the year – ₹111.00 Lakh (Previous Year, ₹81.13 Lakh)

(B) Details related to spent / unspent obligations:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	111.00	72.76
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	8.37

(C) In case of Section 135(5) (Other than ongoing project)

March 31, 2023

(₹ 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
8.37	-	111.00	119.37	-

March 31, 2022

(₹ 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
-	-	81.13	72.76	8.37

38. 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 ₹338.02 Lakh (Previous Year: ₹264.87 Lakh) has been recognised in the Statement of Profit and Loss under the head Employees benefit expenses.

Defined Benefit Obligation Plan

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

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

Investment/Interest Rate Risk:

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

Longevity Risks:

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

Salary Risks:

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Significant assumptions		
Discount rate	7.02%	5.15%
Expected rate of salary increase	10.00%	7.00%
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, 2023	As at March 31, 2022
Present value of defined benefit obligation	290.4	218.69
Fair value of plan assets	153.71	144.07
Net liability	**136.69**	**74.62**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Current service cost	106.34	95.17
Net interest cost	2.79	(0.19)
Past service cost	-	-
Total amount recognised in statement of profit and loss	109.13	94.98
Remeasurements on the net defined benefit liability :		
- Actuarial (gain)/loss	(23.77)	(16.52)
Total amount recognised in other comprehensive income	**(23.77)**	**(16.52)**
Total	**85.36**	**78.46**

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	218.69	178.84
Current service cost	106.34	95.17
Past service cost	-	-
Interest cost	10.21	8.23
Remeasurements (gains)/losses:		
- Actuarial gain from change in demographic assumptions	(15.83)	(9.68)
- Actuarial loss from change in financial assumptions	2.33	9.68
- Actuarial gain from change in experience adjustments	(8.04)	(16.15)
Benefits paid	(23.30)	(47.40)
Closing defined benefit obligation	**290.40**	**218.69**

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

(₹ in Lakhs)

Particulars	31st March 2023		31st March 2022	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Defined benefit obligation on increase in 100 bps	283.50	295.57	211.62	224.63
Impact of increase in 100 bps on DBO	(2.38%)	1.78%	(3.23%)	2.72%
Defined benefit obligation on decrease in 100 bps	297.68	285.33	226.25	213.00
Impact of decrease in 100 bps on DBO	2.51%	(1.75%)	3.46%	(2.6%)

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

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

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

F) Projected benefits payable:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Expected benefits for year 1	91.69	40.94
Expected benefits for year 2	67.10	47.65
Expected benefits for year 3	52.70	38.69
Expected benefits for year 4	41.61	32.52
Expected benefits for year 5	31.25	26.81
Expected benefits for year 6 to 10	57.92	60.60

The weighted average duration to the payment of these cash flows is 1.69 years (FY2021-22 : 2.30 years)

The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The said code is made effective prospectively from May 3, 2023. The Company is assessing the impact, if any, of the Code.

The Company expects to contribute approximately ₹74.62 Lakh (previous year ₹43.66 Lakh) to the gratuity fund.

G) Investment pattern:

(₹ in Lakhs)

Particulars	FY 2022-23	FY 2021-22
Government securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special deposit scheme	0%	0%
Policy of insurance*	100%	100%
Bank balance	0%	0%
Other investments	0%	0%
Total	**100%**	**100%**

*Components of investment by the insurance company are:

Particulars	FY 2022-23	FY 2021-22
Government securities	100%	100%
Corporate bonds -	0%	0%
AAA	0%	0%
AA+	0%	0%
AA	0%	0%
Cash, deposits, MMI	0%	0%
Total	**100%**	**100%**

39. Related Party Disclosure:

(A) 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 (Date of Incorporation : Jan, 11, 2023)

(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 (appointed w.e.f. July 5, 2021)
Mr. Amit Gainda- Managing Director (appointed w.e.f. March 2, 2022)

Key Management Personnel

Mr. Amit Gainda - Chief Executive Officer
Mr. Rahul Bhapkar - Chief Financial Officer (resigned w.e.f. June 01, 2021)
Mr. Vineet Mahajan - Chief Financial Officer (appointed w.e.f. September 22, 2021)
Mr. Rakesh Dhanuka - Company Secretary (resigned w.e.f. August 06, 2021)
Mr. Vikas Tarekar - Company Secretary' (resigned w.e.f. August 02, 2022)
Mr. Rajesh Gandhi - Company Secretary' (appointed w.e.f. November 11, 2022)

(iv) Details of transactions with related parties

Name of the related party	March 31, 2023	March 31, 2022
Preference Share Capital issued during the period		
Olive Vine Investment Ltd	31,200.00	-
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	1.00	-
Reimbursement of expenses	40.85	-
Key Management Personnel (KMP) Remuneration	547.91	469.76
Director's Commission		
Neeraj Swaroop	21.80	21.80
Vijayalakshmi Iyer	10.90	10.90
Savita Mahajan	10.90	10.90
Ravi Venkatraman	10.90	8.17
Sitting Fees		
Neeraj Swaroop	9.70	6.65
Vijayalakshmi Iyer	7.74	7.52
Savita Mahajan	6.54	5.45
Ravi Venkatraman	9.70	6.65

(₹ in Lakhs)

Balances as at	March 31, 2023	March 31, 2022
Preference Share Capital		
Olive Vine Investment Ltd	-	-
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	1.00	-
Receivables	40.85	-
Director's Commission		
Neeraj Swaroop	21.80	21.80
Vijayalakshmi Iyer	10.90	10.90
Savita Mahajan	10.90	10.90
Ravi Venkatraman	10.90	8.17

39.1 There are no provision for doubtful debts/advances or amounts written off or written back for debts due from/due to related parties.

39.2 The transactions disclosed above are inclusive of 9% GST, wherever applicable.

39.3 The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.

40. Maturity Analysis of Assets and Liabilities

(₹ in Lakhs)

Assets	March 31, 2023			March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Derivative financial instruments	-	1,472.06	1,472.06	-	350.99	350.99
Cash and cash equivalents	109,709.70	-	109,709.70	63,048.59	-	63,048.59
Bank balances other than (a) above	147.95	3,130.83	3,278.78	0.60	2,693.99	2,694.59
Loans	185,622.16	651,724.75	837,346.91	53,235.65	418,362.99	471,598.64
Investments	6,441.69	1.00	6,442.69	1,273.50	-	1,273.50
Trade receivables	832.98	-	832.98	269.19	-	269.19
Other financial assets	5,421.50	555.02	5,976.52	48.76	290.68	339.44
	308,175.98	**656,883.66**	**965,059.64**	**117,876.29**	**421,698.65**	**539,574.94**
Non-financial Assets						
Current tax assets (net)	-	1,952.84	1,952.84	-	276.78	276.78
Deferred tax assets (net)	-	2,250.23	2,250.23	-	1,914.22	1,914.22
Property, plant and equipment	-	1,308.99	1,308.99	-	662.98	662.98
Intangible assets under development	-	464.12	464.12	-	107.97	107.97
Other intangible assets	-	983.06	983.06	-	1,263.44	1,263.44
Other non-financial assets	688.21	514.90	1,203.11	225.32	1,269.64	1,494.96
	688.21	**7,474.14**	**8,162.35**	**225.32**	**5,495.03**	**5,720.35**
Total	**3,08,864.19**	**6,64,357.80**	**9,73,221.99**	**1,18,101.61**	**4,27,193.68**	**5,45,295.29**
Liabilities						
Financial Liabilities						
Trade payables	5,473.74	-	5,473.74	3,416.54	-	3,416.54
Debt securities	97,838.53	1,84,548.97	2,82,387.50	42,473.13	73,056.39	1,15,529.52
Borrowings (other than debt securities)	102,988.31	2,95,127.93	3,98,116.24	53,121.67	1,84,749.23	2,37,870.90
Subordinated liabilities	2,747.60	4,959.75	7,707.35	252.23	7,442.79	7,695.02
Other financial liabilities	18,623.36	44,940.90	63,564.26	29,459.52	49,530.11	78,989.63
Total Financial Liabilities	**227,671.54**	**5,29,577.55**	**7,57,249.09**	**1,28,723.09**	**3,14,778.52**	**4,43,501.61**
Non-Financial Liabilities						
Current tax liabilities (net)	-	-	-	192.38	-	192.38
Provisions	-	136.69	136.69	-	74.62	74.62
Other non-financial liabilities	861.65	-	861.65	560.25	-	560.25
Total Non-Financial Liabilities	**861.65**	**136.69**	**998.34**	**752.63**	**74.62**	**827.25**
Total	**2,28,533.19**	**5,29,714.24**	**7,58,247.43**	**1,29,475.72**	**3,14,853.14**	**4,44,328.86**

41. The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 48,26,799 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 Avnase Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

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 employement with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration 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, five grants have been made as of 31 March 2023, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

As on March 31, 2023

Grant Date	5/Feb/20	5/Feb/21	1/Jun/21	1/Oct/21	8/Feb/22	7/May/22	1/Jun/22	12/Aug/22	3/Oct/22	20/Oct/22	1/Dec/22
Exercise Price	152	193	193	230	230	230	230	230	230	230	363
Option Granted	3,427,772	464,742	72,623	299,665	41,163	258,221	272,545	140,000	50,000	250,000	30,000
Option vested and exercisable	1,078,864	139,160	14,451	34,481	6,659	-	-	-	-	-	-
Option unvested	1,878,220	235,924	54,467	252,248	34,504	258,221	272,545	140,000	50,000	250,000	30,000
Option exercised	-	-	-	-	-	-	-	-	-	-	-
Option cancelled	482,596	113,563	14,818	51,741	14,531	15,921	46,465	-	-	-	-
Option Outstanding	2,945,176	351,179	57,805	247,924	26,632	242,300	226,080	140,000	50,000	250,000	30,000
Weighted average remaining contractual life (years)	1.85	2.85	3.17	3.50	3.86	4.10	4.17	4.37	4.51	4.56	4.67

As on March 31, 2022

Grant Date	5/Feb/20	5/Feb/21	1/Jun/21	1/Oct/21	8/Feb/22
Exercise Price	152	193	193	230	230
Option Granted	3,427,772	464,742	72,623	299,665	41,163
Option vested and exercisable	745,208	81,533	-	-	-
Option unvested	2,249,755	317,456	72,623	299,665	41,163
Option exercised	-	-	-	-	-
Option cancelled	432,809	65,752	-	-	-
Option Outstanding	2,994,963	398,989	72,623	299,665	41,163
Weighted average remaining contractual life (years)	2.85	3.85	4.17	4.50	4.86

Weighted average fair value of stock options granted during the year is as follows:

Particulars	FY 2023	FY 2022
Grant Date	07-May-22/ 01-Jun-22/ 12-Aug-22/ 03-Oct-22/ 20-Oct-22/ 01-Dec-22	1-Jun-21 / 1-Oct-21 / 8-Feb-22
No. of Option Granted	1,000,766	413,451
Weighted average fair value Rs.	98.66	88.22

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:

Grant Date	5/Feb/20	5/Feb/21	1/Jun/21	1/Oct/21	8/Feb/22	7/May/22	1/Jun/22	12/Aug/22	3/Oct/22	20/Oct/22	1/Dec/22
Risk Free Interest Rate (%)	6.1	5.48	5.55	5.47	5.47	7.18	7.18	7.18	7.24	7.24	7.13
Expected life	4 years	4 years	4 years	4 years	4 years	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	23.99	23.99	24.15	24.15	24.42
Dividend yield	-	-	-	-	-	-	-	-	-	-	-
Fair market value at the time of option grant (Rs.)	152	193	193	230	230	230	230	230	230	230	363

The Charge on account of above scheme is included in employee benefit expense aggregating ₹490.24 Lakh (previous year ₹369.20 Lakh)

42 Financial Instruments

42.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation 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 maximise 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 adequacy ratio ("CAR") requirements which are prescribed by the RBI. The Company is currently required to maintain a minimum 15% as prescribed under the prudential norms of the RBI under the Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 based on the total capital to risk weighted assets as part of the governance policy. We generally maintain capital adequacy higher than the statutorily prescribed CAR. The capital adequacy ratio, which was computed on the basis of the applicable RBI requirements, is as below. We believe that our high capital adequacy gives us significant headroom to grow our business.

Capital Risk Adequacy Ratio (CRAR):

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Funds		
Net owned funds (Tier I Capital)	2,07,649.82	96,054.74
Tier II Capital	4,319.63	5,983.45
Total capital funds	2,11,969.45	1,02,038.19
Total risk weighted assets / exposures	8,52,620.24	4,44,465.52
% of capital funds to risk weighted assets / exposures		
Tier I capital	24.35%	21.61%
Tier II capital	0.51%	1.35%
Total capital funds	24.86%	22.96%

42.2 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. An explanation of each level follows underneath the table.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Accounting classifications and fair values

(₹ in Lakhs)

As at March 31, 2023	Carrying Value			Total	Fair Value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
Financial assets								
Derivative financial instruments	-	1,472.06	-	1,472.06	-	1,472.06	-	1,472.06
Cash and cash equivalents	-	-	1,09,709.70	1,09,709.70	-	-	-	-
Other bank balances	-	-	3,278.78	3,278.78	-	-	-	-
Loans	-	-	8,37,346.91	8,37,346.91	-	-	-	-
Investments	6,442.69	-	-	6,442.69	-	6,442.69	-	6,442.69

(₹ in Lakhs)

As at March 31, 2023	Carrying Value			Total	Fair Value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
Trade Receivables	-	-	832.98	832.98	-	-	-	-
Other financial assets	-	-	5,976.52	5,976.52	-	-	-	-
Total	**6,442.69**	**1,472.06**	**9,57,144.89**	**9,65,059.64**	**-**	**7,914.75**	**-**	**7,914.75**
Financial liabilities								
Trade payables	-	-	5,473.74	5,473.74	-	-	-	-
Debt securities	-	-	2,82,387.50	2,82,387.50	-	-	-	-
Borrowings (other than debt securities)	-	-	3,98,116.24	3,98,116.24	-	-	-	-
Subordinated Liabilities	-	-	7,707.35	7,707.35	-	-	-	-
Other financial liabilities	-	-	63,564.26	63,564.26	-	-	-	-
Total	**-**	**-**	**7,57,249.09**	**7,57,249.09**	**-**	**-**	**-**	**-**

(₹ in Lakhs)

As at March 31, 2022	Carrying Value			Total	Fair Value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
Financial assets								
Derivative financial instruments	-	350.99	-	350.99	-	350.99	-	350.99
Cash and cash equivalents	-	-	63,048.59	63,048.59	-	-	-	-
Other bank balances	-	-	2,694.59	2,694.59	-	-	-	-
Loans	-	-	4,71,598.64	4,71,598.64	-	-	-	-
Investments	1,273.50	-	-	1,273.50	-	1,273.50	-	1,273.50
Trade Receivables	-	-	269.19	269.19	-	-	-	-
Other financial assets	-	-	339.44	339.44	-	-	-	-
Total	**1,273.50**	**350.99**	**5,37,950.45**	**5,39,574.94**	**-**	**1,624.49**	**-**	**1,624.49**
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade payables	-	-	3,416.55	3,416.55	-	-	-	-
Debt securities	-	-	1,15,529.52	1,15,529.52	-	-	-	-
Borrowings (other than debt securities)	-	-	2,37,870.90	2,37,870.90	-	-	-	-
Subordinated Liabilities	-	-	7,695.02	7,695.02	-	-	-	-
Other financial liabilities	-	-	78,989.63	78,989.63	-	-	-	-
Total	**-**	**-**	**4,43,501.62**	**4,43,501.62**	**-**	**-**	**-**	**-**

Notes:

a) All loans given other than digital are at floating interest rate thus, amortised costs equals their fair value

b) Derivative financial instruments are through FVTOCI on account of hedge accounting

c) Investments in mutual funds are valued at fair value using the NAVs quoted by the respective Fund houses on the reporting date.

d) 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. This includes units of mutual funds (open ended).

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 31 March 2023 and 31 March 2022.

42.3 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 not carried at fair value in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables, investments, loans and trade and other payables as on March 31, 2023 approximate the fair value because of their short-term nature. Difference between carrying amount and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented

As at March 31, 2023	Carrying Value	Fair value			Total
		Level 1	Total Level 2	Level 3	
Financials Assets					
Loans	8,37,346.91	-	-	8,38,816.84	8,38,816.84
Financials Liabilities					
Debt securities	2,82,387.50	-	-	2,83,880.24	2,83,880.24
Borrowings (other than debt securities	3,98,116.24	-	-	3,98,144.66	3,98,144.66
Subordinated Liabilities	7,707.35			7,571.33	7,571.33

As at March 31, 2022	Carrying Value	Fair value			Total
		Level 1	Total Level 2	Level 3	
Financials Assets					
Loans	4,71,598.64	-	-	4,72,177.36	4,72,177.36
Financials Liabilities					
Debt securities	1,15,529.52	-	-	1,11,907.45	1,11,907.45
Borrowings (other than debt securities)	2,37,870.90	-	-	2,36,914.23	2,36,914.23
Subordinated Liabilities	7,695.02	-	-	7,688.56	7,688.56

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. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Financial assets at amortised cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model

Off balance sheet

Estimated fair value of off balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual committed cash flows, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk

42.4 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) ;
- Forex 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 through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, identification, monitoring and providing oversight on management of risk of the Company.

i) Credit risk

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

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

The Company has structured and 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.

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

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

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

Category	Description	Basis for recognising expected credit losses
Stage 1	High quality assets	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:

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

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.

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 ₹68,100 Lakh undrawn lines of credit as of March 31, 2023 as against ₹41,600 Lakh as of March 31, 2022, from its banners for working capital requirements.

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

Exposure to liquidity risk

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

(₹ in Lakhs)

March 31, 2023	Contractual cash flows				
	Total	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Trade payabless	5,473.74	5,473.74	-	-	-
Debt securities	3,20,177.67	1,04,976.54	2,08,897.30	6,303.83	-
Borrowings (other than debt securities)	4,77,379.56	41,14,710.87	2,37,749.39	1,14,962.69	9,956.61
Subordinated liabilities	10,075.80	733.03	3,606.74	5,736.03	-
Other financial liabilities	63,564.26	18,623.36	10,685.72	10,939.89	23,315.29
Total	**8,76,671.03**	**2,44,517.54**	**4,60,939.15**	**1,37,942.44**	**33,321.90**
Financial Assets					
Derivative financial instruments	1,472.06	-	-	-	1,472.06
Cash and cash equivalents	1,09,709.70	1,09,709.70	-	-	-
Other bank balances	3,278.78	147.95	79.22	-	3,051.61
Loans	16,18,056.31	1,52,494.99	2,71,048.10	3,68,136.23	8,26,376.99
Investments	6,442.69	6,441.69	-	-	1.00
Trade Receivables	832.98	832.98	-	-	-
Other financial assets	5,976.52	5,421.50	321.66	233.36	-
Total	**17,45,769.04**	**2,75,048.81**	**2,71,448.98**	**3,68,369.59**	**8,30,901.66**

(₹ in Lakhs)

March 31, 2022	Contractual cash flows				
	Total	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Trade payabless	3,416.51	3,416.51	-	-	-
Debt securities	1,34,467.17	53,241.72	61,818.54	19,406.91	-
Borrowings (other than debt securities)	2,89,167.25	71,506.08	1,19,382.15	75,343.31	22,935.70
Subordinated liabilities	10,354.06	733.75	3,869.69	942.50	4,808.12
Other financial liabilities	78,989.63	29,459.52	15,965.99	17,071.82	16,492.31
Total	**5,16,394.62**	**1,58,357.58**	**2,01,036.37**	**1,12,764.54**	**44,236.13**
Financial Assets					
Derivative financial instruments	350.99	-	-	-	350.99
Cash and cash equivalents	63,048.61	63,048.61	-	-	-
Other bank balances	2,694.59	0.60	95.38	-	2,598.61
Loans	7,85,442.89	1,07,639.85	1,57,247.21	1,87,544.00	3,33,011.83
Investments	1,273.50	1,273.50	-	-	-
Trade Receivables	269.19	269.19	-	-	-
Other financial assets	339.43	48.75	246.33	33.55	10.80
Total	**8,53,419.20**	**1,72,280.50**	**1,57,588.92**	**1,87,577.55**	**3,35,972.23**

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

iv) Market risk (interest risk)

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

Exposure to interest rate risk

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

Particulars	As at March 31, 2023	As at March 31, 2022
Financial assets		
Fixed-rate instruments		
Term loans	79,793.85	48,583.31
Investment in treasury bill	6,441.69	1,273.50
Floating-rate instruments		
Term loans	7,57,553.06	4,23,015.33
Investment in mutual fund	-	-
Total	**8,43,788.60**	**4,72,872.14**
Financial liabilities		
Fixed-rate instruments		
Non convertible debentures	2,82,387.50	1,20,746.03
Commercial paper	-	2,478.51
Floating-rate instruments		
Loan from Banks & Fis	3,87,224.55	2,26,865.60
External commercial borrowing	10,897.69	11,005.30
Non convertible debentures	-	-
Total	**6,80,503.74**	**3,61,095.44**

Fair value sensitivity analysis for Floating-rate instruments

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

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

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans				
Term loans	7,575.53	(7,575.53)	4,230.15	(4,230.15)
Investment in mutual fund	-	-	-	-
Floating rate borrowings				
Loan from Banks & Fis	(3,872.25)	3,872.25	(2,268.66)	2,268.66
External commercial borrowing	(108.92)	108.92	(110.05)	110.05
Non convertible debentures	-	-	-	-
	3,594.37	**(3,594.37)**	**1,851.44**	**(1.851.44)**

v) Forex 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.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

(₹ in Lakhs)

Hedging Instrument						
Particulars	**Notional amount**	**Carrying amount of hedging instruments Assets**	**Carrying amount of hedging instruments liabilities**	**Line in the balance sheet**	**Weighted average contract / strike price of the hedging instrument**	**Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss**
March 31, 2023						
INR USD - Cross currency swap	10,013.14	1,472.06	-	Derivative Financial Instruments	73.66	-
March 31, 2022						
INR USD - Cross currency swap	11,049.00	350.99	-	Derivative Financial Instruments	73.66	-

(₹ in Lakhs)

Hedged Item				
Particulars	**Change in the value of hedged item used as the basis for recognising hedge ineffectiveness**	**Cash flow hedge reserve as at - (Debit)/ Credit -**	**Cost of hedging as at**	**Foreign Currency Monetary Items Translation Reserve**
March 31, 2023				
External Commercial Borrowings	(11,169.98)	235.88	-	NA
March 31, 2022				
External Commercial Borrowings	(319.90)	23.27	-	NA

The impact of the cashflow hedges in other comprehensive income:

(₹ in Lakhs)

Particulars	**Hedging gains or losses recognised in other comprehensive income**	
	March 31, 2023	**March 31, 2022**
Cross currency swap	284.12	138.91

vi) Price Risk

The Company is not exposed to any other price risk.

43. The below disclosures required pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended) and other related circulars.

43.01 Disclosure requirements as per RBI circular dated March 13, 2020 having reference number RBI/2019-20/170 , DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as per para 2 of Prudential Floor of ECL

(₹ in Lakhs)

31 March 2023

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						
Standards	Stage 1	8,21,824.37	1845.43	819996.94	3287.37	(1441.94)
	Stage 2	20,024.63	4123.08	15901.55	80.10	4042.98
Subtotal		**8,41,867.00**	**5968.51**	**835898.49**	**3367.47**	**2601.04**
Non-Performing Assets						
Substandard	Stage 3	2,481.16	1,329.21			
				1,151.95	248.12	1,081.09
Doubtful						
Upto 1 year	Stage 3	838.03	666.90			
1 to 3 years	Stage 3	1,274.79	1,189.15	171.13	270.77	396.13
More than 3 years	Stage 3	127.23	87.53	85.64	563.94	625.21
Subtotal for doubtful		2,240.05	1,943.58	39.70	91.34	(3.81)
				296.46	926.05	1,017.53
Loss Assets	Stage 3	-	-			
				-	-	-
Other items such as	Stage 1	-	-			
guarantees, loan				-	-	-
commitments, etc. which						
are in the scope of Ind AS						
109 but not covered under	Stage 2	-	-			
current Income				-	-	-
Recognition, Asset						
Classification and						
Provisioning (IRACP) norms	Stage 3	-	-			
Subtotal				-	-	-
Total	Stage 1	8,21,842.37	1,845.43			
	Stage 2	20,024.63	4,123.08	8,19,996.94	3,287.37	(1,441.94)
	Stage 3	4,721.21	3,272.79	15,901.55	80.10	4,042.98
		8,46,588.21	**9,241.30**	1,448.42	1,174.17	2,098.62
				8,37,346.91	**4,541.64**	**4,699.66**

(₹ in Lakhs)

31 March 2022

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						
Standards	Stage 1	4,52,814.27	1,782.76	4,51,031.51	1,811.26	(28.50)
	Stage 2	19,997.72	1,949.40	18,048.32	1,387.23	562.17
Subtotal		**4,72,811.99**	**3,732.16**	**4,69,079.83**	**3,198.49**	**533.67**
Non-Performing Assets						
Substandard	Stage 3	1,862.41	1,008.01	854.40	186.24	321.77
Doubtful						
Upto 1 year	Stage 3	1,432.20	869.52	562.68	879.80	(10.28)
1 to 3 years	Stage 3	2,822.44	1,760.06	1,062.38	1,798.99	(38.93)
More than 3 years	Stage 3	72.83	33..48	39.35	45.61	(12.13)
Subtotal for doubtful		**4,327.47**	**2,663.06**	**1,664.41**	**2,724.40**	**(61.34)**
Loss Assets	Stage 3	-	-	-	-	-

(₹ in Lakhs)

31 March 2022						
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**
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	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal						
Total	Stage 1	4,52,814.27	1,782.76	4,51,031.51	1,811.26	(28.50)
	Stage 2	19,997.72	1,949.40	18,048.32	1,387.23	562.17
	Stage 3	6,189.88	3,671.07	2,518.81	2,910.64	760.43
		4,79,001.87	**7,403.23**	**4,71,598.64**	**6,109.13**	**1,294.10**

Notes :

a. The Company has made provision for expected credit loss as per the requirements of the Accounting Standards which is higher than that required by the aforesaid RBI circular.

43.02 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated 4th November 2019 pertaining to 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. Reserve Bank of India introduced LCR requirement for all deposit taking NBFCs and non-deposit taking NBFCs with an asset size of ₹5,000 Crore and above but less than ₹10,000 Crore. 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's 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, high quality liquid asset 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 a Company's stock of HQLA by it's total net cash outflows over a 30-day stress period. The guidelines for LCR were effective from 1st December 2020 with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100% by 1st December 2024 as follows:

From	**December 1, 2020**	**December 1, 2021**	**December 1, 2022**	**December 1, 2023**	**December 1, 2024**
Minimum LCR	30%	50%	60%	85%	100%

In order to determine HQLA, Company considers Cash and Bank Balances, Investment in Treasury bill without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per guidelines, stressed cash flows is to be computed by assigning a predefined stress percentage to the overall cash inflows (i.e. 115%) and cash outflows (with haircut of 25%). Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly, LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, 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 downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine Inflows from fully performing exposures, Company considers the contractual repayments from performing advances in next 30 days. Other Cash inflows includes investments in liquid mutual funds, and other assets which are maturing within 30 days.

Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended 31 March 2023 is given below:

(₹ in Lakhs)

Deferred tax asset / (liability)	**Quarter ended 31-Mar-23**		**Quarter ended 31-Dec-22**	
	Unweighted value-average	**Weighted value-average**	**Unweighted value-average**	**Weighted value-average**
High quality liquid assets	**116152.39**	**116152.39**	**71,207.07**	**71,207.08**
1 Total high quality liquid assets				
(i) Cash & Bank balances	1,09,709.70	1,09,709.70	63,806.46	63,806.46
(ii) Investment in T-Bills	6,442.69	6,442.69	7,400.61	7,400.61
(iii) Investment in Mutual Fund	-	-	-	-
Cash outflows				
2 Term loans	2.842.29	3,268.63	3,068.26	3,528.50
3 Debts	7,000.00	8,050.00	2,812.65	3,234.55
4 Other contractual funding obiligations	11,811.27	13,582.96	14,240.15	16,376.18
5 Other non financial liabilities	861.65	990.89	647.75	744.92
Total cash outflows	22,515.21	25,892.50	20,768.82	23,884.14
Cash inflows				
7 Loans	17,428.95	13,071.71	22,180.68	16,635.51
8 Inflows from fully performing exposures	-	-	-	-
9 Other cash inflows	-	-	-	-
Total cash inflows	17,428.95	13,071.71	22,180.68	16,635.51
	Total adjusted value		**Total adjusted value**	
Total HQLA	**1,16,152.39**		**71,207.08**	
Total Net Cash Outflows	**12,820.79**		**7,248.63**	
Liquidity Coverage Ratio (%)	**905.97%**		**982.35%**	

Deferred tax asset / (liability)	**Quarter ended 30-Sep-22**		**Quarter ended 30-Jun-22**	
	Unweighted value-average	**Weighted value-average**	**Unweighted value-average**	**Weighted value-average**
High quality liquid assets	**1,21,823.31**	**1,21,823.31**	**64,273.76**	**64,273.75**
1 Total high quality liquid assets				
(i) Cash & Bank balances	1,20,067.63	1,20,067.63	62,986.75	62.986.75
(ii) Investment in T-Bills	1,755.69	1,755.69	1,287.01	1,287.01
(iii) Investment in Mutual Fund	-	-	-	-
Cash outflows				
2 Term loans	2,830.99	3,255.64	2,173.55	2,499.58
3 Debts	2,357.04	2,710.60	7,764.80	8,929.52
4 Other contractual funding obiligations	17,793.02	20,461.98	127,278.20	31,369.93
5 Other non financial liabilities	768.41	883.67	566.65	651.65
Total cash outflows	23,749.45	27,311.87	37,783.19	43,450.68
Cash inflows				
7 Loans	18,749.22	14,061.91	13,609.70	10,207.27

Deferred tax asset / (liability)	Quarter ended 30-Sep-22		Quarter ended 30-Jun-22	
	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average
8 Inflows from fully performing exposures	-	-	-	-
9 Other cash inflows	-	-	-	-
Total cash inflows	18,749.22	14,061.91	13,609.70	10,207.27
	Total adjusted value		**Total adjusted value**	
Total HQLA	**1,21,823.31**		**64,273.75**	
Total Net Cash Outflows	**13,249.96**		**33,243.41**	
Liquidity Coverage Ratio (%)	**919.42%**		**193.34%**	

Note : The figures above are excluding interest

43.03 Capital Risk Adequacy Ratio (CRAR):

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Funds		
Net owned funds (Tier I Capital)	207,649.82	96,054.74
Tier II Capital	4,319.63	5,983.45
Total capital funds	211,969.45	102,038.19
Total risk weighted assets / exposures	852,620.24	444,465.52
% of capital funds to risk weighted assets / exposures		
Tier I capital	24.35%	21.61%
Tier II capital	0.51%	1.35%
Total capital funds	24.86%	22.96%

43.04 Exposures:

(₹ in Lakhs)

I. Exposure to Real Estate Sector	As at March 31, 2023	As at March 31, 2022
(a) Direct Exposure		
(i) Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lakh may be shown separately)	41,253.85	45,523.67
(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;	-	-
(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	**41253.85**	**45523.67**

Note :

In line with RBI Circular dated September 9, 2009 on Classification of Exposure as Commercial Real Estate (CRE) by Banks, 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 shall not be categorised as 'CRE' and accordingly relevant disclosure is being reflected and reported as 'NIL'.

(₹ in Lakhs)

II. Exposure to Capital Market	As at March 31, 2023	As at March 31, 2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Alternative Investment Funds	-	-
Total Exposure to Real Estate	**-**	**-**

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 advances given against intangible securities	-	-
VI Intra-group exposures		
i) Total amount of intra-group exposures*	41.85	-
ii) Total amount of top 20 intra-group exposures	41.85	-
iii) Percentage of intra-group exposures to total exposures of the NBFC on borrower/customer	0.00%	-
** Exposure includes investment made in wholly owned subsidiary and Other receivables there of*		
VII Unhedged foreign currency exposure There are no uhedged foreign currency exposure as at March 31, 2023 and March 31, 2022. For details refer to note 2.13		

43.05 Derivatives

(₹ in Lakhs)

Interest rate swap	As at March 31, 2023	As at March 31, 2022
The notional principal of swap agreements	10,013.14	11,049.00
Losses which would be incurred of counterparties failed to fulfil their obiligations under the agreements	1,156.84	319.88
Collateral required by the NBFC upon entering into swaps	-	-

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

Particulars	0 to 7 days	8 to 14 days	15 days to 1 month	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month upto 6 months
Liabilities						
Borrowing from Banks / FIs	167.83 (2,000.00)	116.50 (229.74)	2,557.96 (1,287.63)	5,256.23 (2,183.62)	13,694.56 (7,727.35)	24,867.65 (12,784.05)
Market Borrowings	- (-)	- (-)	7,000.00 (-)	1,055.00 (2,500.00)	5,365.68 (344.20)	45,416.69 (3,758.99)
Foreign currency liabilities	- (-)	- (-)	- (-)	- (-)	374.55 (32.30)	345.28 (345.28)
Assets						
Loans	9,867.47 (4,475.54)	4,933.74 (2,237.77)	11,627.75 (2,237.77)	18,754.59 (5,897.80)	17,969.90 (5,672.90)	49,099.69 (15,969.37)
Investments	- (-)	- (-)	2,985.49 (-)	994.08 (-)	1,972.88 (-)	489.24 (979.62)

Particulars	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	54,917.19 (25,841.14)	1,89,904.29 (94,030.71)	92,803.66 (64,281.25)	2,938.69 (16,500.11)	3,87,224.55 (2,26,865.60)
Market Borrowings	41,748.75 (36,122.17)	1,79,155.22 (57,000.00)	10,353.51 (19,000.00)	- (4,499.18)	2,90,094.86 (1,23,224.54)
Foreign currency liabilities	690.56 (690.56)	2,762.25 (2,416.96)	2,762.25 (2,762.25)	3,956.80 (4,757.95)	10,891.69 (11,005.30)
Assets					
Loans	73,369.03 (16,744.48)	3,32,709.69 (54,857.79)	1,64,856.57 (1,06,765.17)	1,54,158.49 (2,56,740.05)	8,37,346.91 (4,71,598.64)
Investments	- (293.88)	- (-)	- (-)	1.00 (-)	6,442.69 (1,273.50)

(Previous years figures are denoted in brackets)

Notes:

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

b) The above statement includes only certain items of assets and liabilities and therefore does not reflect the complete asset liability maturity pattern of the Company.

c) Above maturity pattern is after considering the impact of Moratorium benefit extended by the Company to the customers, if any.

43.07 Particulars

(₹ in Lakhs)

Liabilities side	Amount Outstanding	Amount overdue
(I) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures		
(i) Secured	2,82,387.50 (1,13,051.01)	- (-)
(ii) Unsecured (other than falling within the meaning of public deposits)	- (-)	- (-)
(b) Deferred Credits	- (-)	- (-)
(c) Term Loans	3,87,224.55 (2,24,865.61)	- (-)
(d) Inter-corporate loans and borrowing	- (-)	- (-)
(e) Subordinated Liabilities	7,707.35 (7,695.02)	- (-)
(f) Commercial Paper (net of unamortised discount)	- (2,478.51)	- (-)
(g) Other Loans (Please Specify)		
External commercial borrowing	10,891.69 (11,005.30)	- (-)
Cash Credits	- (2,000.00)	- (-)

Note : Figures in bracket represents numbers pertaining to previous year

Assets side

(₹ in Lakhs)

Assets side	Amount outstanding
(II) Break up of Loans and Advances including bills receivables (other than those included in (IV) below):	
(a) Secured	1,99,060.63 (1,83,001.89)
(b) Unsecured	6,47,527.58 (2,95,999.98)
(III) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:	
(a) Lease assets including lease rentals under sundry debtors:	
(i) Financial Lease	- (-)
(ii) Operating Lease	- (-)
(b) Stock on hire including hire charges under sundry debtors:	
(i) Assets on hire	- (-)
(ii) Repossessed Assets	- (-)
(c) Other loans counting towards AFC activities:	
(i) Loans where assets have been repossessed	- (-)
(ii) Loans other than (a) above	- (-) -
(IV) Break – up of Investments:	
(a) Current Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of Mutual Funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please Specify)	- (-)
2. Unquoted:	
(i) Shares:	
(a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of Mutual Funds	- (-)
(iv) Government Securities	- (-)
(v) Treasury Bills	6441.69 (1,273.50)
(vi) Others (Please Specify)	- (-)
b) Long Term Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of Mutual Funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please Specify)	- (-)

Assets side	Amount outstanding
2. Unquoted:	
(i) Shares:	
(a) Equity	1.00 (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of Mutual Funds	- (-)
(iv) Government Securities	- (-)
(vi) Others (Please Specify)	- (-)

(V) Borrower group – wise classification of assets financed as in (II) and (III) above:

(₹ in Lakhs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
(a) Related Parties			
(i) Subsidiaries	- (-)	- (-)	- (-)
(ii) Companies in the same group	- (-)	- (-)	- (-)
(iii) Other related parties	- (-)	- (-)	- (-)
(b) Related Parties	199,060.63 (183,001.89)	647,527.58 (295,999.98)	846,588.21 (479,001.87)
	199,060.63 (183,001.89)	**647,527.58** (295,999.98)	**846,588.21** (479,001.87)
Less: Provision for non-performing assets	5,717.96 (4,684.22)	3,523.34 (2,719.01)	9,241.30 (7,403.23)
Total	**193,342.67** (178,317.67)	**644,004.24** (293,280.98)	**837,346.91** (471,598.65)

(VI) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
(a) Related Parties		
(i) Subsidiaries	1.00 (-)	1.00 (-)
(ii) Companies in the same group		
(iii) Other related parties	- (-)	- (-)
(b) Other than related parties	6,441.69 (1,273.50)	6,441.69 (1,273.50)
Total	**6,442.69** (1,273.50)	**6,442.69** (1,273.50)

(VII) Other Information:

Particulars	(₹ in Lakhs)
(a) Gross Non – Performing Assets	
(i) Related Parties	- (-)
(ii) Other than related parties	4,721.21 (6,189.88)
(b) Net Non – Performing Assets	
(i) Related Parties	- (-)
(ii) Other than related parties	1,448.42 (2,518.81)
(c) Assets acquired in satisfaction of debt	- (-)

(Previous years figures are denoted in brackets)

43.08 Disclosure pursuant to Resolution Framework for COVID-19 related stress

43.08(i) Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 and Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 5 May 2021 as at March 31, 2023 is given below:

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 30th September 2022(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended 31st March 2023	Of (A), aggregate debt that were written off during the half-year ended 31st March 2023	Of (A) amount paid by the borrowers during the half-year ended 31st March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half-year ended 31st March 2023
Personal Loans	5,477.47	62.86	-	887.44	4,527.17
Corporate Persons	-	-	-	-	-
of which MSMEs					
*MSME<25crs	10,745.64	211.88	-	1,019.06	9,514.70
Others	-	-	-	-	-
Total	16,223.11	274.74	-	1,906.50	14,041.87

** 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*

43.09 '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, 2023 towards the Minimum Retention Requirements (MRR):

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(1) No of SPVs sponsored by the NBFC for securitisation transactions	6	5
(2) Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	**32,804.29**	**48,858.51**
(3) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	8,756.67	7,760.90
(a) Off balance sheet exposures		
* First Loss		
* Others		
(b) On Balance sheet exposures	**8,756.67**	**7,760.90**
* First Loss	3,051.61	2,598.61
* Others	5,705.06	5,162.29

Particulars	As at March 31, 2023	As at March 31, 2022
(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	**453.55**	**453.55**
(i) Exposure to own securitisations	453.55	453.55
* First loss	453.55	453.55
* Others		
(ii) Exposure to third party securitisations		
* First loss		
* Others		

43.10 Details of assignment transactions undertaken by NBFC during the year:

Particulars	As at March 31, 2023	As at March 31, 2022
(1) No. of accounts	235	-
(2) Aggregate value (net of provisions) of accounts sold	23,665.48	-
(3) Aggregate consideration	21,298.93	-
(4) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(5) Aggregate gain / loss over net book value		

43.11 Investments

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(1) Value of Investments		
(a) Gross Value of Investments		
(i) in India	6,442.69	1,273.50
(ii) outside India	-	-
(b) Provision for depreciation		
(i) in India	-	-
(ii) outside India	-	-
(c) Net Value of Investments		
(i) in India	6,442.69	1,273.50
(ii) outside India		
(2) Movement of provisions held towards depreciation on investments		
(a) Opening balances	-	-
(b) Add : Provisions made during the year	-	-
(c) Less : Write-off / write-back of excess provisions during the year	-	-
(d) Closing balance	-	-

43.12 Additional & Miscellaneous Disclosures:

(I) Registration obtained from other financial sector regulators

Company has not registered with other financial sector regulators except with Insurance Regulatory and Development Authority of India (IRDAI)

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

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

FY 2022-23

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

FY 2021-22

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

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

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

(V) Revenue Recognition:

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

(VI) Provisions and Contingencies

(₹ 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, 2023	For the Year Ended March 31, 2022
Provisions for depreciation on Investment	-	-
Provision towards NPA / ECL stage 3	(398.28)	(190.35)
Provision made towards Income tax	5,727.94	2,983.45
Other Provision and Contingencies (with details)	-	-
Provision for standard assets / ECL stage 1 & stage 2	2,236.35	1,655.73

(VII) Draw Down from Reserves	Nil	Nil

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

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

(₹ in Lakhs)

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

(b) Concentration of Advances

(₹ in Lakhs)

Total advances to twenty largest borrowers (Rupees in lakh)	12,626.34	15,105.66
Percentage of advances to twenty largest borrowers to total advances of the NBFC	1.49%	3.15%

(c) Concentration of Exposures

(₹ in Lakhs)

Total exposure to twenty largest borrowers / customers (Rupees in lakh)	1261.37%	15,530.54
Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	77.39	2.94%

(d) Concentration of NPAs

(₹ in Lakhs)

Total exposure to top four NPA accounts (Rupees in lakh)	1,399.19	1,226.01

(e) Percentage of NPAs to Total Advances in that sector

Sector	As at March 31, 2023	As at March 31, 2022
Agriculture & allied activities	-	-
MSME	5.72%	43.29%
Corporate borrowers	62.14%	19.16%
Unsecured personal loans	0.17%	0.18%
Other Services	1.00%	1.11%

(IX) Movement of NPAs

(₹ in Lakhs)

Movement of NPAs	As at March 31, 2023	As at March 31, 2022
(a) Net NPAs to Net Advances (%)	0.17%	0.53%
(b) Movement of NPAs (Gross)		
(i) Opening balance	6,189.88	5,136.75
(ii) Additions during the year	2,502.25	2,378.25
(iii) Reductions during the year	(3,970.92)	(1,325.12)
(iv) Closing balance	4,721.21	6,189.88
(c) Movement of Net NPAs		
(i) Opening balance	2,518.80	1,275.33
(ii) Additions during the year	(49.02)	2,146.93
(iii) Reductions during the year	(1,021.36)	(903.46)
(iv) Closing balance	1,448.42	2,518.80
(d) Movement of provisions for NPAs (excluding provisions on standard assets)		
(i) Opening balance	3,671.08	3,861.42
(ii) Provisions made during the year	2,551.27	231.32
(iii) Write-off / write-back of excess provisions	(2,949.56)	(421.66)
(iv) Closing balance	3,272.79	3,671.08

(X) Disclosure of Customers Complaints

Particulars	As at March 31, 2023	As at March 31, 2022
(1) Number of complaints pending at beginning of the year	1	1
(2) Number of complaints received during the year	861	101
(3) Number of complaints disposed during the year	811	100
(3.1) Of which, number of complaints rejected by the NBFC	47	-
(4) Number of complaints pending at the end of the year	51	1

Maintainable complaints received by the NBFC from Office of Ombudsman

Particulars	As at March 31, 2023	As at March 31, 2022
(5) Number of maintainable complaints received by the NBFC from Office of Ombudsman*	145	51
(5.1) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	133	46
(5.2) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	4	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 8 complaints resolved by office of ombudsman in the month of Apr'23 in the favour of the NBFC.*

Top five grounds of complaints received by NBFCs As at March 31, 2023

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
Part Payment / Foreclosure	-	182	628%	14	-
Loan Application Related	-	120	5900%	6	-
EMI Management	-	113	528%	10	-
Fees and Charges / Refunds	-	99	395%	5	-
Loan Account Related	-	90	800%	4	-
Others	1	257	1506%	12	1
Total	**1**	**861**	**752%**	**51**	**1**

As at March 31, 2022

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
Part Payment / Foreclosure	1	25	(65%)	-	-
Loan Application Related	-	10	25%	-	-
EMI Management	-	18	(75%)	-	-
Fees and Charges / Refunds	-	20	(53%)	-	-
Loan Account Related	-	10	0%	-	-
Others	-	18	800%	1	-
Total	**1**	**101**	**(51%)**	**1**	**-**

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

(XII) (Disclosure requirements as per RBI circular dated November 04, 2019 having reference number RBI/2019-20/88, DOR.NBFC(PD) CC. No.102/03.10.001/2019-20 regarding Guidelines on Liquidity Risk Management Framework)

(a) Funding concentration based on significant counterparty (both deposits and borrowings)

Number of significant counterparties	Rupees in Lakh	% of Total Deposits	% of Total Liabilities
20	441,630.71	Not Applicable	58.24%

(b) Top 20 large Deposits (Rupees in Lakh and % of total deposits)

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits.

(c) Top 10 borrowings (Rupees in Lakh and % of total borrowings)

Rupees in Lakhs	326,812.56
% of total borrowiings	48.03%

(d) Funding concentration bases on significant instrument/product

Name of the Instrument / Product	Rupees in lakhs	% of Total liabilities
Term loans from banks	372,141.89	49.08%
Term loans from FIs	15,082.66	1.99%
Non- Convertible Debentures	282,387.50	37.24%
Subordinated Debt	7,707.35	1.02%
Commercial Paper	-	0.00%
External Commercial Borrowings	10,891.69	1.44%

(e) Funding concentration bases on significant instrument / product

Name of the Instrument / Product	% of Total Public Funds	% of Total Liabilities	% of Total Assets
Commercial Papers	0.00%	0.00%	0.00%
Non Covertible Debentures	42.15%	38.26%	29.81%
Short Term Liabilities	33.21%	30.14%	23.48%
Long Term Assets	96.53%	87.62%	68.26%

(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 summarised information on a quarterly basis.

(XIII) Other statutory information:
During the current year and previous year

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(b) The Company has not been declared as a Wilful defaulter by any bank or financial Institution or other lender.

(c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(d) 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:
(a) 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
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(e) 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:
(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 Cryptocurrency or Virtual Currency during the financial year.

(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, 2023	Year ended March 31, 2022	Reason for Variance (if above 25%)
Capital to risk weighted assets ratio (CRAR) Tier I CRAR Tier II CRAR Liquidity coverage ratio	24.86% 24.35% 0.51% 905.97%	22.96% 21.61% 1.35% 251.96%	Significant inrease in HQLA on account of higher liquidity maintained.

(k) The Company does not have any such transactions with struck off companies.

43.13 Related Party Disclosure:

Disclosure in pursuant to cricular no RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19 2022

The Company's related party balances and transactions for the year ended March 31, 2023 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
Borrowings	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Deposits	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Placement of Deposits	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Advances	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Investments	-	1	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Purchase of fixed/	-	-	-	-	-	-	-	**-**
other assets	-	-	-	-	-	-	-	**-**
Sale of fixed/other assets	-	-	-	-	-	-	-	**-**
Interest paid	-	-	-	-	-	-	-	**-**
Interest received	-	-	-	-	-	-	-	**-**
Share Capital[2]	31,200.00	-	-	-	-	-	-	**31,200.00**
Receivables		40.85						**40.85**
		(40.85)						**(40.85)**
Commission Paid[3]					54.50			**54.50**
Remuneration to KMPs	-	-	547.91	-	-	-	-	**547.91**
Sitting Fees paid[3]	-	-	-	-	33.68	-	-	**33.68**
Commission Payable	-	-	-	-	54.50	-	-	**54.50**
	(-)	(-)	(-)	(-)	(54.50)	(-)	(-)	**(54.50)**

Notes:
1. Figures in bracket indicates maximum balance oustanding during the year
2. The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.
3. The transactions disclosed above are inclusive of Goods and Service Tax ('GST').
4. For detailed list of related parties refer to note no 39.

The Company's related party balances and transactions for the year ended March 31, 2022 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
Borrowings	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Deposits	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Placement of Deposits	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Advances	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Investments	-	1	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Purchase of fixed/	-	-	-	-	-	-	-	**-**
other assets	-	-	-	-	-	-	-	**-**
Sale of fixed/other assets	-	-	-	-	-	-	-	**-**
Interest paid	-	-	-	-	-	-	-	**-**
Interest received	-	-	-	-	-	-	-	**-**
Share Capital	-	-	-	-	-	-	-	**-**
Receivables		-						**-**
		-						**-**
Commission Paid[2]	-	-	-	-	51.77	-	-	**51.77**
Remuneration to KMPs	-	-	469.76	-	-	-	-	**469.76**
Sitting Fees paid[2]	-	-	-	-	26.27	-	-	**26.27**
Commission Payable	-	-	-	-	51.77	-	-	**51.77**
	(-)	(-)	(-)	(-)	(51.77)	(-)	(-)	**(51.77)**

Notes:
1. Figures in bracket indicates maximum balance oustanding during the year
2. The transactions disclosed above are inclusive of Goods and Service Tax ('GST')
3. For detailed list of related parties refer to note no 39.

43.14 Breach of Covenant

There are no breach of covenants in the current year and previous year.

43.15 Sectoral Disclosure

Sectors	As at March 31, 2023			As at March 31, 2022		
	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
Industry[1]	3,601.32	669.42	18.59%	6,842.49	2,961.80	43.29%
Personal Loan[2]	1,08,427.35	2,001.48	1.85%	97,401.74	1,711.31	1.76%
Others[3]	7,34,559.54	2,050.31	0.28%	3,74,757.64	1,516.77	0.40%
Total	**8,46,588.21**	**4,721.21**	**0.56%**	**4,79,001.87**	**6,189.88**	**1.29%**

1. Industry includes loan exposure to SME borrowers
2. Personal Loan includes education loans given to individuals
3. Others include education loans given to Institutes and corporates, loans other than education loan
4. The above sectoral classification for personal loans has been done basis the circular no RBI/2017-18/117 DBR. No.BP.BC.99/08.13.100/2017-18 dated January 04, 2018

44 Previous year's figures have been rearranged/regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosures.

45 The financial statements were approved for issue by the Board of Directors on May 05, 2023

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 45

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Avanse Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Avanse Financial Services Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2023, 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 a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the 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, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of loans as at balance sheet date (expected credit losses) (as described in Note 6 & 42.4 of the financial statements)	
Indian Accounting Standard (Ind AS) 109 Financial Instruments requires the Company to provide for impairment of its financial loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the loan portfolio. In the process, a significant degree of judgement and estimate have been applied by the management for: Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories based on past due status or qualitative assessment; Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; The Company has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in relevant macro-economic factors. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statement, it is considered as a key audit matter.	• Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Involved internal experts specialist for testing of the ECL model. Performed procedures to test the inputs used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Tested assumptions used by the management in determining the overlay for macro- economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
Information technology (IT) systems and controls	
The financial accounting and reporting systems of the Corporation are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, ny gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). • Tested the changes that were made to the in- scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' 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 such 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 for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended]. 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 the 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 consolidated 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 Directors of the Holding Company, as aforesaid.

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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 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

The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 1 subsidiary, whose financial statements and other financial information reflect total assets of Rs 39.23 lakhs as at March 31, 2023, and total revenues of Rs Nil and net cash inflows of Rs 1 lakhs for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of this subsidiary our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and as noted in the 'Other Matter' paragraph above we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and as noted in the 'other matter' paragraph above we report, to the extent applicable, that:

   (a) We have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the 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 the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and as represented by the management of the subsidiary company none of the directors of the Group's companies incorporated in India, is disqualified as on March 31, 2023 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 consolidated financial statements of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company and its subsidiary to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      (i) The Group does not have any pending litigations which would impact its consolidated financial position;

(ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary incorporated in India during the year ended March 31, 2023;

(iv) (a) The respective managements of the Holding Company and its subsidiary, to the best of its knowledge and belief, other than as disclosed in the note xx to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary to or in any other person(s) or entity(ies), including foreign entities ("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 respective Holding Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company and its subsidiary, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of 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 the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

(v) No dividend has been declared or paid during the year by the Holding Company and its subsidiary.

(vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiary, hence reporting under this clause is not applicable.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102 UDIN: 23102102BGXIZC3740
Place of Signature: Mumbai
Date: May 5, 2023

Annexure '1' referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Avanse Financial Services Limited

In terms of the information and explanations sought by us and given by the Holding 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, and based on the management representation of subsidiary, we state that the qualifications or adverse remarks by the respective auditors in their reports on Companies (Auditor's Report) Order, 2020 of the companies included in the Consolidated Financial Statements are:

Sr. No.	Name	CIN	Holding Company/ Subsidiary/ Associate	Clause number of the CARO report which is qualified or is adverse
1	Avanse Financial Services Limited	U67120MH1992PLC068060	Holding Company	(iii)(c) and (iii)(d)

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102 UDIN: 23102102BGXIZC3740
Place of Signature: Mumbai
Date: May 5, 2023

Annexure to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Avanse Financial Services Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Avanse Financial Services Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, are responsible for establishing and maintaining internal financial controls based on the internal /control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by 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 consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated 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 control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to the subsidiary is based on the management representation of the subsidiary.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102 UDIN: 23102102BGXIZC3740
Place of Signature: Mumbai
Date: May 5, 2023

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(₹ in Lakhs)

	Particulars	Note No.	As at March 31, 2023
	ASSETS		
I	**Financial assets**		
a.	Derivative financial instruments		1,472.06
b.	Cash and cash equivalents	4	109,710.7
c.	Bank balances other than (b) above	5	3,278.78
d.	Loans	6	837,346.91
e.	Investments	7	6,441.69
f.	Trade Receivables	8	832.98
g.	Other financial assets	9	5,938.53
			965,021.65
II	**Non-Financial assets**		
a.	Current tax assets (net)		1,952.84
b.	Deferred tax assets (net)	10	2,250.23
c.	Property, plant and equipment	11	1,308.99
d.	Other intangible assets	11	634.48
e.	Intangible assets under development	11	464.12
f.	Right of use assets	11	348.58
g.	Other non-financial assets	12	1,238.65
			8,197.89
	Total Assets		**973,219.54**
	LIABILITIES AND EQUITY		
	LIABILITIES		
I	**Financial Liabilities**		
a.	Trade payables	13	
	- Total outstanding dues of micro and small enterprises		77.72
	- Total outstanding dues to creditors other than micro and small enterprises		5,396.01
b.	Debt securities	14	282,387.5
c.	Borrowings (other than debt securities)	15	398,116.24
d.	Subordinated liabilities	16	7,707.35
e.	Other financial liabilities	17	63,564.26
			757,249.09
II	**Non-Financial Liabilities**		
a.	Current tax liabilities (net)		-
b.	Provisions	18	136.69
c.	Other non-financial liabilities	19	861.65
			998.34
III	**EQUITY**		
a.	Equity share capital	20	10,663.80
b.	Other equity	21	204,308.31

	Particulars	Note No.	For the year ended March 31, 2022
	Total equity		**214,972.11**
	Total Liabilities and Equity		**973,219.54**
The accompanying notes form an integral part of the Consolidated Financial Statements		1 to 44	

In terms of our report attached
For S. R.
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2023
I	**Income**		
	Revenue from operations		
a.	Interest income	22	88,687.90
b.	Net gain on fair value changes	23	660.32
c.	Net gain on derecognition of financial instrument		2,297.41
d.	Fees and commission income	24	7,313.93
	Total revenue from operations		**98,959.56**
e.	Other income	25	63.21
	Total income		**99,022.77**
II	**Expenses**		
a.	Finance costs	26	53,984.27
b.	Impairment on financial instruments	27	4,658.91
c.	Employee benefits expense	28	9,572.60
d.	Depreciation and amortisation expense	11	1,330.08
e.	Other expenses	29	8,345.51
	Total expenses		**77,891.37**
III	**Profit before tax**		**21,131.40**
IV	**Tax expense**		
a.	Current tax	30	5,727.94
b.	Deferred tax	30	(367.53)
	Total tax expense		**5,360.41**
V	**Net profit for the year**		**15,770.99**
VI	**Other comprehensive income**		
	(A) Items that will not be reclassified to profit or loss		
	(i) Actuarial gain on post retirement benefit plans		23.77
	(ii) Income tax on above		(5.98)
	Subtotal (A)		**17.79**
	(B) Items that will be reclassified to profit or loss		
	(i) Fair value gain on derivative financial instrument		284.12
	(ii) Income tax on above		(71.51)
	Subtotal (B)		**212.61**
	Total other comprehensive income (A+B)		**230.40**
VII	**Total comprehensive income**		**16,001.39**
VIII	**Earnings per equity share** (Face value of Rs. 10/- each)	32	

	Particulars	Note No.	For the year ended March 31, 2022
	Basic (Rs.) Diluted (Rs.)		18.06 18.06
The accompanying notes form an integral part of the Consolidated Financial Statements		1 to 44	

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

	Particulars	For the year ended March 31, 2023
A	**Cash flow from operating activities**	
	Profit before tax	21,131.40
	Adjustment for:	
	Interest income on loans	(86,417.46)
	Depreciation and amortisation expenses	1,330.08
	Net gain on fair value changes (realised)	(660.32)
	Interest expense on borrowings	48,264.70
	Provision for impairment on financial instruments	1,838.08
	Interest on fixed deposits	(3,536.04)
	Baddebts written off	2,820.84
	ESOP Expenses	490.24
	Finance cost in Lease Liability	57.20
	Actuarial loss on post retirement benefit plans	23.77
	(Profit) / Loss on sale of fixed asset	(10.41)
	Operating loss before working capital changes	**(14,667.93)**
	Operational cash flows from interest	
	Interest received on loans	84,669.98
	Interest paid on borrowings	(41,846.94)
	Working capital changes	
	Adjustment for:	
	(Increase) in loans	(368,659.69)
	Decrease in Other non-financial assets	256.31
	(Increase) in financial assets	(5,567.28)
	(Increase) in trade receivables	(563.79)
	(Decrease) in financial liabilities	(17,526.31)
	Increase in trade payables	2,057.17
	Increase in non financial liabilities	301.40
	Increase in Provisions	62.07
	Cash (used in) operations	**(361,485.01)**
	Direct taxes paid (net)	7642.33
	Net cash (used in) operating activities	**(369,127.34)**
B	**Cash flow from investing activities**	
	Investments in mutual fund units	(413,485.53)
	Sale of mutual fund units	414,145.85
	Investments in T-Bill	(5,200.00)
	Interest received on bank deposits	3,536.04
	Purchase of property, plant & equipment and intangible assets	(1,976.81)
	Sale of property, plant & equipment	73.55
	Bank deposit not considered as cash and cash equivalents (net)	(584.19)
	Net cash (used in) investment activities	**(3,491.09)**

	Particulars	For the year ended March 31, 2023
C	**Cash flow from financing activities**	
	Proceeds from issue of equity share (including share premium)	97,514.06
	Proceeds from long-term borrowings	426,503.89
	Repayment of long-term borrowings	(99,881.13)
	Proceeds from short-term borrowings (net)	(4,500.00)
	Finance cost in Lease Liability	(356.27)
	Net cash generated from financing activities	**419,280.55**
	Net Increase in Cash and cash equivalents	46,662.12
	Cash and cash equivalents at the beginning of the year	63,048.59
	Cash and cash equivalents at the end of the year	**109,710.71**

Note:

a. 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

b. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013

c. For disclosure relating to changes in liabilities arising from financing activities refer note 35

The accompanying notes form an integral part of the Consolidated Financial Statements 1 to 44

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2023

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Balance as at 01-04-2022	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 31-03-2022
Equity Share Capital	8,259.19	-	-	2,404.61	10,663.80

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus						
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Cash Flow Hedge Reserve	Statutory Reserve	Total
Balance as at March 31, 2022	**75,923.27**	**12,537.90**	**0.14**	**854.19**	**23.27**	**3,368.46**	**92,707.23**
Profit for the year	-	15,770.99	-	-	-	-	15,770.99
Addition/(Deletion)	-	-	-	-	-	-	95,109.44
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Transferred from statement of profit and loss	-	(3, 154.69)	-	-	-	3154.69	-
Charge for the year in respect of Stock Options	-	-	38.66	451.59	-	-	490.25
Other comprehensive income for the year	-	17.79	-	-	212.61	-	230.40
Balance as at March 31, 2023	**171,032.71**	**25,171.99**	**38.80**	**1,305.78**	**235.88**	**6,523.15**	**204,308.31**

The accompanying notes form an integral part of the Consolidated Financial Statements 1 to 44

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

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Managing Director &
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DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

Notes to the Consolidated Financial Statement for the year ended March 31, 2023

1. Corporate Information

Avanse Financial Services Limited ("the Holding Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Debentures of the Holidng Company are listed on BSE Limited. The Holding Company is primarily engaged in the business of financing Education Loans to Students and Education Infrastructure Loans. The Holding Company is registered with the Reserve Bank of India (RBI) and Ministry of Corporate Affairs. The Holding company together with its subsidiary (hereinafter collectively referred to as the "Group") The registration details are as follows:
RBI B-13.01704
Corporate Identity Number (CIN) U67120MH1992PLC068060

The Holding Company is Systematically Important Non-deposit taking Non-Banking Financial Company. The registered office of the Holding Company is 001 & 002 Fulcrum Building, 'A' Wing, Sahar Road, Near Hyatt Regency Hotel, Andheri (East), Mumbai, Maharashtra- 400 099.

The consolidated financial statements of the Group for the year ended March 31, 2023 were approved for issue in accordance with the resolution of the Board of Directors on May 5, 2023.

2. Significant Accounting Policies

2.1 Basis of Accounting and Preparation of Consolidated Financial Statements

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary together as at and for the year ended March 31, 2023. The Holding Company consolidates a subsidiary when it controls it. 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company 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 Holding Company's voting rights and potential voting rights.
- The size of the Holding Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

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 financial statements in preparing the consolidated financial statements to ensure conformity with the Group accounting policies.

The Holding Company 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 Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Holding Company gains control until the date the Holding Company ceases to control the subsidiary.

The financial statements of all entities used for the purpose of consolidation are same reporting date as that of the parent company, i.e., year ended on March 31, 2023.

Consolidation Procedure

a. Combine like items of assets, liabilities, equity, income, and expenses 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 subsidiary and the parent's portion of equity of subsidiary.

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).

Profit or loss and each component of 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.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Holding Company's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The financial statements of the following subsidiary Company has been consolidated as per Ind AS 110 - Consolidated Financial Statements.

Sr. No.	Name of Subsidiary	Proportion of Ownership Interest (%)
		31-Mar-2023
1	Avanse Global Financial India IFSC Private Limited	100

Presentation Of Financial Statements

The consolidated financial statements 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, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and 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') issued by RBI. The Group uses accrual basis of accounting.

Historical Cost Convention

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

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

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, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36

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, except when otherwise indicated.

2.2 Property, plant and equipment and Intangible Assets

I. Property, Plant And Equipment (Ppe) is recognised when it is probable that future economic benefits associated with the item will flow to the 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.

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

Category of Assets	Useful Life
Furniture & Fixtures	6 years
Computer Hardware	3 years
Vehicle	4 years
Office Equipment	5 years

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

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

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

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

ii. Intangible:

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

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

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

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

Impairment On Non-financial Assets

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

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

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

2.3 Revenue Recognition

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

a. Interest Income

The Group recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability

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 reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on certainty of recovery.

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

b. Fees and Commission Income

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 behlaf 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 obligatios
- **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 statement of profit and loss 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 Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

d. Income from Direct Assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable 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 basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

e. Other Income

Other fees represent documentation charges, ACH/ECS swap charges, cheque bouncing charges, penal interest charges and these are recognised as income when the amounts become due and there is no uncertainty in realisation.

2.4 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 options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they 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 Statement of profit and loss.

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.

Lease liability has been presented in Note 17 "Other Financial Liabilities" and ROU asset has been presented in Note 11 "Property, Plant and Equipment" and lease payments have been classified as financing cash flows.

2.5 Borrowing Costs

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

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

2.6 Employee Benefits

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 statement of profit & loss 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 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

Defined Benefit Obligation

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

The 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 annually 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.

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The 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 and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service

Other Long-term Employee Benefits

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

2.7 Income Tax

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

Current Tax

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

Deferred Tax

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

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

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

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

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

2.8 Goods and Service Tax Input Credit

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

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:
i. An entity has a present obligation (legal or constructive) as a result of a past event; and
ii. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
iii. A reliable estimate can be made of the amount of the obligation

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

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

2.10 Commitments

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

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

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

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

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

2.11 Statement of Cash Flows

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

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

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

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

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

2.12 Segments

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

2.13 Financial Instruments

Recognition of Financial Instruments

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

Initial Measurement of Financial Instruments

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

If the transaction price differs from fair value at initial recognition, the 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 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 designates certain foreign exchange currency swap contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on external commercial borrowings.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 other comprehensive income 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 Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting 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 previoulsy recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the derecognition of the hedged item.

2.14 Financial Assets

Subsequent Measurement of Financial Assets:

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

Classification of Financial Assets:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the 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 FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the 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 or at FVTOCI

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 or at FVTOCI, its contractual terms should give rise to cash flows that are meeting Solely Payments of Principal & 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.

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

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

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

Financial Assets at Fair Value through Profit or Loss (FVTPL)

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the 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.

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 financial year and previous accounting period 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 statement of profit or loss account.

Impairment Of Financial Assets

Overview of the Expected Credit Loss principles

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

Expected credit losses (ECL) are a probability-weighted estimate of the present value of credit losses. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group 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 Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

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

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

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

The 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 - Performing assets (high quality assets) with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2 - Under-performing assets (assets for which there is significant increase in credit risk) having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets (credit impaired assets) with overdue more than 90 DPD

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 and loans under short term financing, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109.

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

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

The Financial assets for which the 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 Due Past Days (DPD) bucket will be 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 will be classified as Stage II even though they have not breached the backstop indicator conditions (i.e. 0-30 DPD).

A. Restructured Asset (COVID-19 Restructuring): The Group has reclassified covid restructured loans under OTR 1.0 and 2.0 by downgrading loans in 0-30 DPD to "Stage II", as a conservative approach for ECL provisioning. 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 will be downgraded to "sub-standard" .i.e. Stage III.

Derecognition Of Financial Assets

A financial asset is derecognised only when :

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

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

Write-off

Loans and debt securities are written off when the 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 may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

2.15 Financial liabilities and equity instruments

Classification As Debt Or Equity

Debt and equity instruments issued by a 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.

Financial Liabilitiest

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 its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the 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 effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

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

Derecognition Of Financial Liabilitiest

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 profit or loss.

2.16 Cash and Cash Equivalents

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

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

2.17 Earnings Per Share

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

3. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the consolidated 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.

Leases:

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Group reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Expected Credit Loss

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

The inputs used and process followed by the Group in determining the increase in credit risk have been detailed in Note 42.4

Notes to the Consolidated Financial Statement for the year ended March 31, 2023

4. Cash And Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2023
Cash in hand	1.01
Balances with banks:	
- In Current Accounts	12,388.8
- In Deposit accounts (refer note 4.1 below)	96,250.01
Interest accrued but not due on fixed deposits	1,070.88
Total	**109,710.7**

4.1 Short-term deposits are made for varying periods from seven days to one year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term fixed rates.

5. Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2023
Deposit accounts under lien against which facilities are availed refer note 5.1 & 5.2 below)	3,052.61
Interest accrued but not due on fixed deposits	226.17
Total	**3,278.78**

5.1 Encumbrances on Fixed deposits held by the Group

(₹ in Lakhs)

Particulars	As at March 31, 2023
Fixed Deposits pledged for:	
Availing credit enhancement towards securitisation transactions	
DCB Bank	1,525.91
ICICI Bank	1,525.70
Bank Overdrafts	
Bank of Baroda	1.00
Total	**3,052.61**

5.2 Deposits are made for varying period from 1 to 3 years and earn interest at the respective fixed rates.

Notes to the Consolidated Financial Statement for the year ended March 31, 2023

6. Loans

(₹ in Lakhs)

Particulars	As at March 31, 2023
At amortised cost	
Loans given in India to other than public sector	
Term loans	846,588.21
Total – Gross (A)	**846,588.21**
Less: Impairment loss allowance (refer note 27)	9,241.30
Total	**837,346.91**
(a) Secured by tangible assets	182,148.83
(b) Secured by accounts receivables, fixed deposits, LIC etc.	16,911.80
(c) Unsecured	647,527.58
Total – Gross (B)	**846,588.21**
Less: Impairment loss allowance	9,241.3
Total – Net (B)	**837,346.91**
(I) Loans in India	
Public Sector	-
Others	846,588.21
Total - Gross (C) (I)	**846,588.21**
Less: Impairment loss allowance	9,241.30
Total - Net (C) (I)	**837,346.91**
(II) Loans outside India	**-**
Total (C) (I + II)	**837,346.91**

Refer note 42.4 (i)

6.1 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. Sales, if any are insignificant and do not impact the business model.

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

(₹ in Lakhs)

As at March 31, 2023					
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**	**PD**
Stage 1 – High quality assets	Loan	821,842.37	1,845.43	819,996.94	0.05% to 37.08%
Stage 2 – Assets including restructured assets for which there is significant increase in credit risk	Loan	20,024.63	4,123.08	15,901.55	0.05% to 67.20%
Stage 3 - Credit impaired assets	Loan	4721.21	3,272.79	1,448.42	100%
Total		**846,588.21**	**9,241.3**	**837,346.91**	

(₹ in Lakhs)

FY 2022-23	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	452,814.27	19,997.71	6,189.88	**479,001.87**
Transfer during the year				
Transfers to Stage 1	1,006.76	(572.47)	(434.30)	-
Transfers to Stage 2	(2,876.97)	3,562.59	(685.61)	-
Transfers to Stage 3	(1,181.00)	(1,321.25)	(2,502.24)	
New credit exposure during the year, net of repayments	372,079.30	(1,641.96)	(30.17)	**370,407.17**
Amounts written off	-	-	(2,820.83)	**(2,820.83)**
Gross carrying amount closing balance	**821,842.36**	**20,024.63**	**4,721.21**	**846,588.21**

(₹ in Lakhs)

FY 2022-23	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	1,782.76	1,949.40	3,671.07	**7,403.23**
Transfer during the year				
Transfers to Stage 1	6.23	(4.53)	(1.70)	-
Transfers to Stage 2	(532.95)	660.06	(127.11)	-
Transfers to Stage 3	(642.80)	(859.77)	(1502.57)	
New credit exposure during the year, net of repayments	1,232.19	2,377.92	1,048.71	**4,658.82**
Amounts written off	-	-	(2,820.75)	**(2,820.75)**
ECL allowance - closing balance	**1,845.43**	**4,123.08**	**3,272.79**	**9,241.30**

6.2 The details of 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:

(a) repayable on demand or
(b) without specifying any terms or period of repayment

Type of borrower	As at March 31, 2023	
	Amount of loan or advance in the nature of loan outstanding	Percentage of the total Loans and Advances in the nature of loans
Promoter	-	-
Director	-	-
KMPs	-	-
Related Parties	-	-
Total	**-**	**-**

7. Investments

(₹ in Lakhs)

Particulars	As at March 31, 2023
At fair value through statement of profit and loss	-
Outside India	-
In India:	-
- Treasury Bill:	
- Treasury Bill (refer note 7.1 & 7.2 below)	6500
- Less : Unamortised Income	(58.31)
Total	**6,441.69**
Grand Total	**6,441.69**

Note 7.1

(₹ in Lakhs)

Name of instrument	As at March 31, 2023	
	No of units	Amount
Treasury Bill		
182 DTB 28-07-2023 - 6.87%	500,000	489.24
91 DTB 28-04-2023 - 6.51%	1,000,000	995.19
91 DTB 28-04-2023 - 6.60%	2,000,000	1,990.30
91 DTB 04-05-2023 - 6.60%	1,000,000	994.08
182 DTB 15-06-2023 - 6.70%	2,000,000	1,972.88
Total (B)	**6,500,000**	**6,441.69**

Note 7.2

Investment in treasury bill is valued at amortised cost as fair value of the investment is approximately same

8. Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2023
Trade Receivables- Unsecured; Considered Good	880.69
Trade Receivables- Unsecured; Which has significant increase in credit risk	-
Total	**880.69**
Impairment Loss Allowance	47.71
Net receivables	**832.98**

a) No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Trade receiavbles are non-interest bearing and are generally on terms of 30 to 90 days.

b)Trade receivables days past due

As at March 31, 2023	Current	1-90 Days	91-180 Days	181-270 Days	270- 360 Days	> 360 days	Total
Estimated total gross carrying amount at default*	-	832.66	0.06	0.06	-	47.91	880.69
ECL - simplified approach	-	-	-	-	-	47.71	47.71
Net carrying amount	**-**	**832.66**	**0.06**	**0.06**	**-**	**0.20**	**832.98**

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 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 ECLs at each reporting date, right from its initial recognition.
*There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
As at March 31, 2023	0- 6 Months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	832.72	0.06	0.02	-	-	832.98
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivable – credit impaired	-	-	-	-	-	-
Net carrying amount	**832.72**	**0.06**	**0.02**	**-**	**-**	**832.98**

9. Others Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023
Security Deposits	588.01
Other advances	5,350.52
Total	**5,938.53**

10. Deferred tax Assets (net)

(₹ in Lakhs)

Particulars	As at March 31, 2023
Impairment of Financial instruments	2,075.62
Measurement of Financial instruments at amortised cost	(19.56)
Disallowances under section 43B of the Income Tax Act, 1961	17.80
Difference between books and tax written down value of fixed assets	176.37
Total	**2,250.23**

(refer note 30.2)

11. Property, Plant and Equipment & Other Intangible Assets:

(₹ in Lakhs)

Description	Gross Block				Depreciation/Amortisation				Net Block As at 31.03.2023
	As at 01.04.2022	Additions for the year	Deletions for the year	As at 31.03.2023	Up to 01.04.2022	Charge for the year	Deletions for the year	Up to 31.03.2023	
PROPERTY, PLANT AND EQUIPMENT									
Owned Assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	295.88	23.42	-	319.30	285.07	15.33	-	300.40	18.90
Computers	620.79	324.84	-	945.63	418.23	188.55	-	606.78	338.85
Office Equipment	417.92	129.59	-	547.51	225.29	97.93	-	323.22	224.29
Furniture and fixtures	104.38	2.24	-	106.62	52.79	16.70	-	69.49	37.13
Vehicle	266.46	660.59	86.02	841.03	73.52	113.02	22.88	163.66	677.37
Total	**1,717.88**	**1,140.68**	**86.02**	**2,772.54**	**1,054.90**	**431.53**	**22.88**	**1,463.55**	**1,308.99**
INTANGIBLE ASSETS									
Computer Software	2,926.83	479.98	-	3,406.81	2,151.17	621.16	-	2,772.33	634.48
Right of use assets - Premises	1,387.88	138.19	-	1,526.07	900.10	277.39	-	1,177.49	348.58

Intangible assets under development aging schedule

(₹ in Lakhs)

Intangible assets under development	Amount in CWIP for a period FY 2022-23				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	464.12	-	-	-	**464.12**
Projects temporarily suspended	-	-	-	-	-

12. Other Non-Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023
Prepaid Expenses	329.22
Balances with Government Authorities	482.02
Compensated absences Fund	65.97
Other Advances	361.44
Total	**1,238.65**

13. Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2023
Trade payables	
- Total outstanding dues of micro enterprises and small enterprises	77.72
- Total outstanding dues of creditors Other than micro enterprises and small enterprises	5,396.02
Total	**5,473.74**

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

Disclosure pertaining to Micro and Small Enterprises as at March 31,2023 are as under :

(₹ in Lakhs)

Particulars	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	77.72
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-
(iv) The amount of interest due and payable for the year	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-
Total	**77.72**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				
As at 31st March 2023	0-1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	77.72	-	-	-	**77.72**
Total outstanding dues of creditors other than micro enterprises and small enterprises	649.91	-	-	-	**649.91**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	**-**
Total	727.63				**727.63**

14. Debt Securities

(₹ in Lakhs)

Particulars	As at March 31, 2023
At Amortised Cost	
Secured	
Non Convertible Debentures (refer note 14.1 & 14.2)	271,497.66
Interest accrued but not due on borrowings	10,889.84
Unsecured	
Commercial Papers	-
Less : Unexpired discount on Commercial Papers	-
Total	**282,387.50**
Debt Securities in India	282,387.50
Debt Securities outside India	-
Total	**282,387.50**

14.1 Non-convertible debentures aggregating Rs.273,600 lakh are secured by way of first charge on freehold land (proportionately) and hypothecation on pool of certain loan fund balances of the Group.

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

(₹ in Lakhs)

Particulars	Maturity Date	As at March 31, 2023
Non convertible debentures		
Private Placement - Face value of Rs.10,00,000 each		
9.50% Non- Convertible Debentures	2023-24	5,000.00
9.50% Non- Convertible Debentures	2023-24	5,000.00
8.04% Non- Convertible Debentures	2023-24	9,500.00
8.40% Non- Convertible Debentures	2023-24	10,000.00
8.40% Non- Convertible Debentures	2023-24	6,000.00
8.40% Non- Convertible Debentures	2023-24	3,500.00
8.40% Non- Convertible Debentures	2023-24	15,500.00
9.55% Non- Convertible Debentures	2023-24	37,500.00
7.40% Non- Convertible Debentures	2024-25	15,000.00
9.05% Non- Convertible Debentures	2024-25	40,000.00
9.25% Non- Convertible Debentures	2024-25	15,000.00
9.30% Non- Convertible Debentures	2024-25	40,000.00
9.25% Non- Convertible Debentures	2025-26	60,000.00
9.30% Non- Convertible Debentures	2025-26	100.00
10.10% Non- Convertible Debentures	2025-26	2,500.00
10.10% Non- Convertible Debentures	2025-26	1,500.00
9.65% Non- Convertible Debentures	2026-27	7,500.00
Total NCD (A)		**273,600.00**
Add : Interest accrued & effective Interest rate adjustments		8787.50
Total		**282,387.50**

15. Borrowings (Other Than Debt Securities)

(₹ in Lakhs)

Particulars	As at March 31, 2023
At amortised cost (within India)	
Secured	
Term Loans from Banks (refer note 15.1 & 15.2)	372,072.75
Term Loans from other parties (refer note 15.1 & 15.2)	15,082.66
Cash Credit from Banks (refer note 15.3)	-
Interest accrued but not due on borrowings	69.14
Total (A)	**387,224.55**
At Amortised Cost (outside India)	
Secured	
External Commercial borrowing (ECB)	10,862.42
Interest accrued but not due on borrowings	29.27
Total (B)	**10,891.69**
Total (C) = (A) + (B)	**398,116.24**

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

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

(₹ in Lakhs)

Range of Rate of Interest	As at 31.03.2023			
	Up to 1 Yr (April 2023 to March 2024)	1-3 yrs (April 2024 to March 2026)	3yrs & above (April 2026 onwards)	Total
6.01 % to 8.00%	490.00	-	-	490.00
8.01 % to 9.00%	20,726.08	40,946.28	27,418.88	89,091.24
9.01 % to 10.00%	67,664.97	134,998.77	71,529.16	274,192.90
10.01 % to 11.00%	14,008.85	16,721.48	4811.2	35,541.53
Total	**102,889.90**	**192,666.53**	**103,759.24**	**399,315.67**
Less: Adjustment on account of Interest Accrued, fair value of ECB & effective Interest rate				(1,199.43)
Total				**398,116.24**

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

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

16. Subordinated Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023
Unsecured	
Non Convertible Debentures (refer note 16.1)	7,455.84
Interest accrued but not due on borrowings	251.51
Total	**7,707.35**
Debt Securities in India	7,707.35
Debt Securities outside India	-
Total	**7,707.35**

16.1 Maturity profile and rate of interest/ discounted rate of interest of Subordinated liabilities:

(₹ in Lakhs)

Particulars	Maturity Date	As at March 31, 2023
Non convertible debentures Private Placement - Face value of Rs.10,00,000 each		
10.50% Non-Convertible Debentures (Unsecured)	2023-24	2,500.00
9.50% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00
9.35% Non-Convertible Debentures (Unsecured)	2027-28	2,500.00
Total		**7,500.00**
Add : Interest accrued & effective Interest rate adjustments		207.35
Total		**7,707.35**

17. Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023
Employee Benefits Payable	2,173.91
Advance received from customers	16,119.08
Book overdraft	11,296.75
Lease liability	405.56
Amounts payable under securitisation arrangement	33,568.96
Total	**63,564.26**

18. Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2023
Provision for Employee Benefits	
- Gratuity (refer note 38)	136.69
Total	**136.69**

19. Other Non-Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023
Statutory dues	861.65
Total	**861.65**

20. Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2023
AUTHORISED 175,000,000 Equity Shares of ₹ 10 each	17,500.00
25,000,000 Preference Shares of ₹ 10 each	2,500
	20,000.00
Issued, Subscribed and Fully Paid Up 106,638,002 Equity Shares Of ₹ 10 Each	10,663.80
Total	**10,663.80**

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	
	Number	Amount
Shares outstanding at the beginning of the year	82,591,861	8,259.19
Shares issued during the year	24,046,141	2,404.61
Shares outstanding at the end of the year	**106,638,002**	**10,663.80**

20.1 (b) Rights, Preferences and Restrictions

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.
The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.

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

Particulars	As at March 31, 2023	
	Number	%
Olive Vine Investment Ltd*	74,697,037	70.05%
International Finance Corporation Ltd	18,674,260	17.51%
Kedaara Capital Growth Fund III LLP	13,266,705	12.44%

20.1. (d) Shareholding of promoters

As at March 31, 2023			% Change during the year
Promoter Name	No of Shares	% of total	
Olive Vine Investment Ltd*	74,697,037	70.05%	(9.95%)

* Including shares held jointly with nominee Shareholders

21. Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2023
Securities Premium	171,032.71
General Reserve	38.80
Statutory Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	6,523.15
Stock Options Reserve	1,305.77
Cash Flow Hedge Reserve	235.88
Retained Earnings	25,171.99
Total	**204,308.31**

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

Securities Premium

Securities premium account is used to record the premium on issue of shares and utilisation towards share issue expenses.

General Reserve

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

Statutory Reserve:

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

Stock Options Reserve:

Stock options reserve account relates to the stock options granted by the Company to employees under an Employees Stock Option Scheme

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, debenture redemption reserve, dividends or other distributions paid to shareholders.

22. Interest Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
On financial assets measured at amortised cost	
- Interest on Loans	84,928.25
- Interest Income on fixed deposit	3,536.04
- Interest Income from Treasury Bill	223.61
Total	**88,687.90**

23. Net gain on Fair Value Changes

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
'Realised gain on sale of mutual funds	660.32
Total	**660.32**

24. Fees and Commission income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
Type of services	
Forex commission	2,562.15
Insurance commission	1,599.02
Prepayment & other fees and charges	3,152.76
Total	**7,313.93**

Set out below is the revenue from contracts with customers and reconciliation to the statement of profit and loss

Geographical markets	
- India	7,313.93
- Outside India	-
Total	**7,313.93**

Timing of revenue recognition	
Services transferred at a point in time	7,313.93
Services transferred over time	-
Total	**7,313.93**

Note: For receivable balances against the income, refer note no 8.

25. Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
Miscellaneous income	63.21
Total	**63.21**

26. Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
On financial liabilities measured at amortised cost	
Interest on borrowings (other than debt securities)	29,211.47
Interest on debt securities	20,840.27
Financial liability towards securitisation	3,750.65
Finance cost on lease liability	57.20
Other interest expense	124.68
Total	**53,984.27**

27. Impairment of financial instruments

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
On financial assets measured at amortised cost	
Provision for expected credit loss	1,838.08
Write Offs	2,820.83
Total	**4,658.91**

28. Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
Salaries, Bonus and other allowances	8,845.51
Contribution to Provident Fund and Other Funds (refer note 38)	338.23
Gratuity (refer note 38)	109.13
Staff Welfare Expenses	279.73
Total	**9,572.60**

29. Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
Electricity Charges	76.89
Security Charges	11.53
Manpower Outsourcing	900.86
Rent	190.73
Office Maintenance	57.35
Insurance Charges	161.38
Rates and Taxes	101.68
Housekeeping Expenses	102.73
Business Sourcing Expenses	1,567.21
Travelling and Conveyance	714.60
Rating Fees	276.01
Printing and Stationery	91.45
Postage, Telephone and Fax	149.64
Advertising	328.84
Bank Charges	82.20

Particulars	For the year ended March 31, 2023
Annual Maintenance Charges	1,068.07
Director's Remuneration & Sitting Fees	88.18
Legal & Professional Expenses	1,970.20
Auditors' Remuneration (refer note below)	92.65
Corporate Social Responsibilty expenses (refer note 37)	111.00
Miscellaneous Expenses	202.30
Total	**8345.51**

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023
a) For audit and limited reviews	70.85
b) For taxation matterst	-
c) For other services	19.62
d) For reimbursement of expenses	2.18
Total	**92.65**

30. Reconciliation of Total Tax Charge

30.1 *(₹ in Lakhs)*

Particulars	For the year ended March 31, 2023
Current Tax	5,727.94
Deferred Tax	(367.53)
Total income tax expenses recognised in the current year	**5,360.41**
Income tax expense recognised in other comprehensive income	77.49
Income tax expense for the year reconciled to the accounting profit:	
Profit before tax	21,133.86
Income tax rate	25.17%
Income tax expense	5,318.35
Tax effect of:	
Tax holiday on subsidiary profit	0.62
Others	41.44
Income tax expense recognised in Profit and Loss	**5,360.41**

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

30.2
For the year ended March 31, 2023

(₹ in Lakhs)

Deferred tax asset / (liability)	Opening balances as on 01.04.2022	Recognised in profit or loss (Expense) / Income	Recognised in other comprehensive income	Closing balances as on 31.03.2023
Impairment of Financial instruments	1,551.65	523.97	-	2,075.62
Measurement of Financial instruments at amortised cost	196.03	(144.08)	(71.51)	(19.56)
Disallowances under section 43B of the Income Tax Act, 1961	11.36	12.42	(5.98)	17.80
Difference between books and tax written down value of fixed assets	155.18	21.19	-	176.37
Total	**1,914.22**	**413.50**	**(77.49)**	**2,250.23**

31. Contingent Liabilities And Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2023
Contingent Liabilities And Commitments	
Contingent Liabilities	-
Capital Commitments:	
Undisbursed commitments	79,554.64
Estimated amount of contracts remaining to be executed on capital account and not provided for	169.74

Note: During the year the company has paid amount of ₹7.34 Crore for assessment year 2020-21 & amount of ₹1.00 Crore for assessment year 2021-22 under protest.

32. Earning Per Equity Share

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2023
Profit attributable to equity share holders (Rs. in lakh)	15,770.99
Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (Nos.)	87,335,209
Basic and diluted earnings per share (Rs.)	18.06
Nominal value per share (Rs.)	10.00

Note: There is no dilution in the EPS on account of employee stock options issued during the year since the exercise price is equal to the fair value per share.

33. Leasing

In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of operating leases are made. The Company has acquired its office premises on operating lease basis for periods ranging from 1 year to 9 years

The Group has recognised lease liabilities and right to use assets as follows:

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2023
Lease Liabilities	
Opening Balance	566.43
Add: Lease liabilities recognised as on 01 April 2021 on application of Ind AS 116	-
Add: Lease liabilities recognised during the year	138.19
Less: Lease liabilities written off during the year	-
Add: Interest accrued on lease liabilities	57.20
Less: Lease payments	(356.27)
Closing Balance of Lease Liabilities	**405.55**
Right of use assets (RoU assets)	
Opening balance	487.78
Add: RoU assets recognised as on 01 April 2019 on application of Ind AS 116	-
Add: RoU assets recognised during the year	138.19
Less: RoU assets written off during the year	-
Less: Depreciation on RoU assets	(277.39)
Closing balance of RoU assets	**348.58**

The aggregate depreciation expenses on ROU assets is included under depreciation and amortisation expenses in the Statement of Profit and Loss.
Table showing contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

Lease Liabilities and Lease Cash Flows

(₹ in Lakhs)

Particulars	As at March 31, 2023
Less than one year - contractual undiscounted cash flows	338.38
One to five years	128.2
More than five years	-
Total	**466.58**

Amount Recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	As at March 31, 2023
Interest on lease liabilities charged to finance cost	57.20
Depreciation charge for the period on RoU assets	277.39
Total	**334.59**

Cash out flow on account of lease payments is ₹299.07 Lakhs (previous year ₹267.38 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.

34. Segment Reporting

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

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

35. Change in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	As at April 01, 2022	Cash Flows (Net)	Others (net)*	As at March 31, 2023
Debt securities	115,529.52	162,100.00	4,757.98	282,387.50
Borrowing other than debt securities	237,870.90	160,022.76	222.57	398,116.23
Subordinated liabilities	7,695.02	-	12.33	7,707.35

* Other column include the effect of accrued but not paid interest on borrowing, amortisation of processing fees and MTM gain on cash flow hedge for ECB, etc.

36. 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, 2023
Carrying amount of transferred assets measured at amortised cost	43,394.52
Carrying amount of associated liabilities measured at amortised cost	(32,804.3)

37. 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 during the year – ₹ 111.00 lakh

(B) Details related to spent / unspent obligations:

(₹ in Lakhs)

Particulars	As at March 31, 2023
i) Contribution to Public Trust	-
ii) Contribution to Charitable Trust	111.00
iii) Unspent amount in relation to:	
- Ongoing project	-
- Other than ongoing project	-

(C) In case of Section 135(5) (Other than ongoing project)
March 31, 2023

(₹ 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
8.37	-	111.00	119.37	-

38. 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 ₹ 338.02 Lakh thas been recognised in the Statement of Profit and Loss under the head Employees benefit expenses.

Defined Benefit Obligation Plan

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

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

Investment/Interest Rate Risk:

The 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 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.

(₹ in Lakhs)

Particulars	As at March 31, 2023
Significant assumptions	
Discount rate	7.02%
Expected rate of salary increase	10.00%
Other assumption	
Mortality rate	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, 2023
Present value of defined benefit obligation	290.4
Fair value of plan assets	153.71
Net liability	**136.69**

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

(₹ in Lakhs)

Particulars	As at March 31, 2023
Current service cost	106.34
Net interest cost	2.79
Past service cost	-
Total amount recognised in statement of profit and loss	109.13
Remeasurements on the net defined benefit liability :	
- Actuarial (gain)/loss	(23.77)
Total amount recognised in other comprehensive income	**(23.77)**
Total	**85.36**

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2023
Opening defined benefit obligation	218.69
Current service cost	106.34
Past service cost	-
Interest cost	10.21
Remeasurements (gains)/losses:	
- Actuarial gain from change in demographic assumptions	(15.83)
- Actuarial loss from change in financial assumptions	2.33
- Actuarial gain from change in experience adjustments	(8.04)
Benefits paid	(23.30)
Closing defined benefit obligation	**290.40**

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

(₹ in Lakhs)

Particulars	31st March 2023	
	Discount rate	Salary Escalation Rate
Defined benefit obligation on increase in 100 bps	283.50	295.57
Impact of increase in 100 bps on DBO	(2.38%)	1.78%
Defined benefit obligation on decrease in 100 bps	297.68	285.33
Impact of decrease in 100 bps on DBO	2.51%	(1.75%)

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

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

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

F) Projected benefits payable:

(₹ in Lakhs)

Particulars	As at March 31, 2023
Expected benefits for year 1	91.69
Expected benefits for year 2	67.10
Expected benefits for year 3	52.70
Expected benefits for year 4	41.61
Expected benefits for year 5	31.25
Expected benefits for year 6 to 10	57.92

The weighted average duration to the payment of these cash flows is 1.69 years.
The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The said code is made effective prospectively from May 3, 2023.
The Group is assessing the impact, if any, of the Code.

The Group expects to contribute approximately Rs 74.62 lakh to the gratuity fund.

G) Investment pattern:

(₹ in Lakhs)

Particulars	FY 2022-23
Government securities	0%
High quality corporate bonds	0%
Equity shares of listed companies	0%
Property	0%
Special deposit scheme	0%
Policy of insurance*	100%
Bank balance	0%
Other investments	0%
Total	**100%**

*Components of investment by the insurance company are:

Particulars	FY 2022-23
Government securities	100%
Corporate bonds -	0%
AAA	0%
AA+	0%
AA	0%
Cash, deposits, MMI	0%
Total	**100%**

39. Related Party Disclosure:

(A) 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) 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 (appointed w.e.f. July 5, 2021)
Mr. Amit Gainda- Managing Director (appointed w.e.f. March 2, 2022)

Key Management Personnel

Mr. Amit Gainda - Chief Executive Officer
Mr. Rahul Bhapkar - Chief Financial Officer (resigned w.e.f. June 01, 2021)
Mr. Vineet Mahajan - Chief Financial Officer (appointed w.e.f. September 22, 2021)
Mr. Rakesh Dhanuka - Company Secretary (resigned w.e.f. August 06, 2021)
Mr. Vikas Tarekar - Company Secretary' (resigned w.e.f. August 02, 2022)
Mr. Rajesh Gandhi - Company Secretary' (appointed w.e.f. November 11, 2022)

(iii) Details of transactions with related parties

(₹ in Lakhs)

Name of the related party	March 31, 2023
Preference Share Capital issued during the period	
Olive Vine Investment Ltd	31,200.00
Key Management Personnel (KMP) Remuneration	547.91
Director's Commission	
Neeraj Swaroop	21.80
Vijayalakshmi Iyer	10.90
Savita Mahajan	10.90
Ravi Venkatraman	10.90
Sitting Fees	
Neeraj Swaroop	9.70
Vijayalakshmi Iyer	7.74
Savita Mahajan	6.54
Ravi Venkatraman	9.70

(₹ in Lakhs)

Balances as at	March 31, 2023
Preference Share Capital	
Olive Vine Investment Ltd	-
Director's Commission	
Neeraj Swaroop	21.80
Vijayalakshmi Iyer	10.90
Savita Mahajan	10.90
Ravi Venkatraman	10.90

39.1 There are no provision for doubtful debts/advances or amounts written off or written back for debts due from/due to related parties.

39.2 The transactions disclosed above are inclusive of 9% GST, wherever applicable.

39.3 The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.

40. Maturity Analysis of Assets and Liabilities

(₹ in Lakhs)

Assets	March 31, 2023		
	Within 12 months	After 12 months	Total
Financial Assets			
Derivative financial instruments	-	1,472.06	1,472.06
Cash and cash equivalents	109,709.70	-	109,709.70
Bank balances other than (a) above	147.95	3,130.83	3,278.78
Loans	185,622.16	651,724.75	837,346.91
Investments	6,441.69	1.00	6,442.69
Trade receivables	832.98	-	832.98
Other financial assets	5,421.50	555.02	5,976.52
	308,136.30	**656,885.35**	**965,021.65**
Non-financial Assets			
Current tax assets (net)	-	1,952.84	1,952.84
Deferred tax assets (net)	-	2,250.23	2,250.23
Property, plant and equipment	-	1,308.99	1,308.99
Intangible assets under development	-	464.12	464.12
Other intangible assets	-	983.06	983.06
Other non-financial assets	688.21	514.90	1,203.11
	688.21	**7,474.14**	**8,162.35**
Total	**308,824.51**	**664,395.03**	**973,219.54**
Liabilities			
Financial Liabilities			
Trade payables	5,473.74	-	5,473.74
Debt securities	97,838.53	184,548.97	282,387.50
Borrowings (other than debt securities)	102,988.31	295,127.93	398,116.24
Subordinated liabilities	2,747.60	4,959.75	7,707.35
Other financial liabilities	18,623.36	44,940.90	63,564.26
Total Financial Liabilities	**227,671.54**	**529,577.55**	**757,249.09**
Non-Financial Liabilities			
Current tax liabilities (net)	-	-	-
Provisions	-	136.69	136.69
Other non-financial liabilities	861.65	-	861.65
Total Non-Financial Liabilities	**861.65**	**136.69**	**998.34**
Total	**228,533.19**	**529,714.24**	**758,247.43**

41. The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 48,26,799 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 Group 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 Group under Avnase Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

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 employement with the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of the Group has approved the following grants to select senior level executives of the Group in accordance with the Stock Option Scheme. Under the scheme, five grants have been made as of 31 March 2023, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

The Nomination and Remuneration 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, five grants have been made as of 31 March 2023, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

As on March 31, 2023

Grant Date	5/Feb/20	5/Feb/21	1/Jun/21	1/Oct/21	8/Feb/22	7/May/22	1/Jun/22	12/Aug/22	3/Oct/22	20/Oct/22	1/Dec/22
Exercise Price	152	193	193	230	230	230	230	230	230	230	363
Option Granted	3,427,772	464,742	72,623	299,665	41,163	258,221	272,545	140,000	50,000	250,000	30,000
Option vested and exercisable	1,078,864	139,160	14,451	34,481	6,659	-	-	-	-	-	-
Option unvested	1,878,220	235,924	54,467	252,248	34,504	258,221	272,545	140,000	50,000	250,000	30,000
Option exercised	-	-	-	-	-	-	-	-	-	-	-
Option cancelled	482,596	113,563	14,818	51,741	14,531	15,921	46,465	-	-	-	-
Option Outstanding	2,945,176	351,179	57,805	247,924	26,632	242,300	226,080	140,000	50,000	250,000	30,000
Weighted average remaining contractual life (years)	1.85	2.85	3.17	3.50	3.86	4.10	4.17	4.37	4.51	4.56	4.67

As on March 31, 2022

Grant Date	5/Feb/20	5/Feb/21	1/Jun/21	1/Oct/21	8/Feb/22
Exercise Price	152	193	193	230	230
Option Granted	3,427,772	464,742	72,623	299,665	41,163
Option vested and exercisable	745,208	81,533	-	-	-
Option unvested	2,249,755	317,456	72,623	299,665	41,163
Option exercised	-	-	-	-	-
Option cancelled	432,809	65,752	-	-	-
Option Outstanding	2,994,963	398,989	72,623	299,665	41,163
Weighted average remaining contractual life (years)	2.85	3.85	4.17	4.50	4.86

Particulars	FY 2023
Grant Date	07-May-22/ 01-Jun-22/ 12-Aug-22/ 03-Oct-22/ 20-Oct-22/ 01-Dec-22
No. of Option Granted	1,000.766
Weighted average fair value Rs.	98.66

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:

Grant Date	5/Feb/20	5/Feb/21	1/Jun/21	1/Oct/21	8/Feb/22	7/May/22	1/Jun/22	12/Aug/22	3/Oct/22	20/Oct/22	1/Dec/22
Risk Free Interest Rate (%)	6.1	5.48	5.55	5.47	5.47	7.18	7.18	7.18	7.24	7.24	7.13
Expected life	4 years	4 years	4 years	4 years	4 years	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	23.99	23.99	24.15	24.15	24.42
Dividend yield	-	-	-	-	-	-	-	-	-	-	-
Fair market value at the time of option grant (Rs.)	152	193	193	230	230	230	230	230	230	230	363

The Charge on account of above scheme is included in employee benefit expense aggregating Rs.490.24 Lakh

42 Financial Instruments

42.1 Capital Management

The Group manages its capital to ensure that the Group 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 Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's Capital Management is to maximize shareholders value and minimise cost of capital. The Group 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 Group'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 Group is subject to capital adequacy ratio ("CAR") requirements which are prescribed by the RBI. The Group is currently required to maintain a minimum 15% as prescribed under the prudential norms of the RBI under the Master Direction – Non-Banking Financial Group – Systemically Important Non Deposit taking Group and Deposit taking Group (Reserve Bank) Directions, 2016 based on the total capital to risk weighted assets as part of the governance policy. We generally maintain capital adequacy higher than the statutorily prescribed CAR. The capital adequacy ratio, which was computed on the basis of the applicable RBI requirements, is as below. We believe that our high capital adequacy gives us significant headroom to grow our business.

42.2 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. An explanation of each level follows underneath the table.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Accounting classifications and fair values

(₹ in Lakhs)

As at March 31, 2023	Carrying Value			Total	Fair Value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
Financial assets								
Derivative financial instruments	-	1,472.06	-	1,472.06	-	1,472.06	-	1,472.06
Cash and cash equivalents	-	-	109,709.70	109,709.70	-	-	-	-
Other bank balances	-	-	3,278.78	3,278.78	-	-	-	-
Loans	-	-	837,346.91	837,346.91	-	-	-	-
Investments	6,442.69	-	-	6,442.69	-	6,441.69	-	6,442.69
Trade Receivables	-	-	832.98	832.98	-	-		-
Other financial assets	-	-	5,976.52	5,976.52	-	-	-	-
Total	**6,442.69**	**1,472.06**	**957,144.89**	**965,021.65**	**-**	**7,913.75**	**-**	**7,914.75**
Financial liabilities								
Trade payables	-	-	5,473.74	5,473.74	-	-	-	-
Debt securities	-	-	282,387.50	282,387.50	-	-	-	-
Borrowings (other than debt securities)	-	-	398,116.24	398,116.24	-	-	-	-
Subordinated Liabilities	-	-	7,707.35	7,707.35	-	-	-	-
Other financial liabilities	-	-	63,564.26	63,564.26	-	-	-	-
Total	**-**	**-**	**757,249.09**	**757,249.09**	**-**	**-**	**-**	**-**

Notes:

a) All loans given other than digital are at floating interest rate thus, amortised costs equals their fair value

b) Derivative financial instruments are through FVTOCI on account of hedge accounting

c) Investments in mutual funds are valued at fair value using the NAVs quoted by the respective Fund houses on the reporting date.

d) 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. This includes units of mutual funds (open ended).

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 31 March 2023 and 31 March 2022.

42.3 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 not carried at fair value in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables, investments, loans and trade and other payables as on March 31, 2023 approximate the fair value because of their short-term nature. Difference between carrying amount and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented

As at March 31, 2023	Carrying Value	Fair value			Total
		Level 1	Total Level 2	Level 3	
Financials Assets					
Loans	837,346.91	-	-	838,816.84	838,816.84
Financials Liabilities					
Debt securities	282,387.50	-	-	283,880.24	283,880.24
Borrowings (other than debt securities	398,116.24	-	-	398,144.66	398,144.66
Subordinated Liabilities	7,707.35			7,571.33	7,571.33

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. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

financial Assets At Amortised Cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued Debt

The fair value of issued debt is estimated by a discounted cash flow model

Off balance Sheet

Estimated fair value of off balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual committed cash flows, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk

42.4 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) ;
- Forex 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 through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, identification, monitoring and providing oversight on management of risk of the 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 various businesses. The credit policies outline the type of products that can be offered, customer categories, the targeted customer profile, prudential limits, exceptional approval metrics etc. and the credit approval process and limits. Credit approvers and relationship managers are responsible for ensuring adherence to these policies.

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

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

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

The 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:

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

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.

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 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 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 Group has Rs 68,100 lakh undrawn lines of credit as of March 31, 2023, from its bankers for working capital requirements.

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

(₹ in Lakhs)

March 31, 2023	Contractual cash flows				
	Total	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Trade payabless	5,473.74	5,473.74	-	-	-
Debt securities	320,177.67	104,976.54	208,897.30	6,303.83	-
Borrowings (other than debt securities)	477,379.56	4114,710.87	237,749.39	114,962.69	9,956.61
Subordinated liabilities	10,075.80	733.03	3,606.74	5,736.03	-
Other financial liabilities	63,564.26	18,623.36	10,685.72	10,939.89	23,315.29
Total	**876,671.03**	**244,517.54**	**460,939.15**	**137,942.44**	**33,321.90**
Financial Assets					
Derivative financial instruments	1,472.06	-	-	-	1,472.06
Cash and cash equivalents	109,709.70	109,709.70	-	-	-
Other bank balances	3,278.78	147.95	79.22	-	3,051.61
Loans	1,618,056.31	152,494.99	271,048.10	368,136.23	826,376.99
Investments	6,442.69	6,441.69	-	-	1.00
Trade Receivables	832.98	832.98	-	-	-
Other financial assets	5,976.52	5,421.50	321.66	233.36	-
Total	**1,745,769.04**	**275,048.81**	**271,448.98**	**368,369.59**	**830,901.66**

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

iv) Market Risk (Interest Risk)

The Group is exposed to interest rate risk as it has assets and liabilities based on floating 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.

Particulars	As at March 31, 2023
Financial assets	
Fixed-rate instruments	
Term loans	79,793.85
Investment in treasury bill	6,441.69
Floating-rate instruments	
Term loans	757,553.06
Investment in mutual fund	-
Total	**843,788.60**
Financial liabilities	
Fixed-rate instruments	
Non convertible debentures	282,387.50
Commercial paper	-
Floating-rate instruments	
Loan from Banks & Fis	387,224.55
External commercial borrowing	10,897.69
Non convertible debentures	-
Total	**680,503.74**

Fair Value Sensitivity Analysis For Floating-rate Instruments

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

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

(₹ in Lakhs)

Particulars	March 31, 2023	
	100 bps higher	100 bps lower
Floating rate loans		
Term loans	7,575.53	(7,575.53)
Investment in mutual fund	-	-
Floating rate borrowings		
Loan from Banks & Fis	(3,872.25)	3,872.25
External commercial borrowing	(108.92)	108.92
Non convertible debentures	-	-
	3,594.37	**(3,594.37)**

v) Forex 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.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

(₹ in Lakhs)

Hedging Instrument						
Particulars	**Notional amount**	**Carrying amount of hedging instruments Assets**	**Carrying amount of hedging instruments liabilities**	**Line in the balance sheet**	**Weighted average contract / strike price of the hedging instrument**	**Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss**
March 31, 2023						
INR USD - Cross currency swap	10,013.14	1,472.06	-	Derivative Financial Instruments	73.66	-

(₹ in Lakhs)

Hedged Item				
Particulars	**Change in the value of hedged item used as the basis for recognising hedge ineffectiveness**	**Cash flow hedge reserve as at - (Debit)/ Credit -**	**Cost of hedging as at**	**Foreign Currency Monetary Items Translation Reserve**
March 31, 2023				
External Commercial Borrowings	(11,169.98)	235.88	-	NA

The impact of the cashflow hedges in other comprehensive income:

(₹ in Lakhs)

Particulars	**Hedging gains or losses recognised in other comprehensive income**
	March 31, 2023
Cross currency swap	284.12

vi) Price Risk

The Company is not exposed to any other price risk.

Additional information as required by paragraph 2 of General Instruction for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(₹ in Lakhs)

Name of Entiry	**Share of Profit / (Loss)**		**Share of other comprehensive income**		**Share of total comprehensive income**	
	As % of consolidated profit or loss	**Amount**	**As % of consolidated other comprehensive income**	**Amount**	**As % of consolidated total comprehensive income**	**Amount**
Parent						
Avanse Financial Services Limited		15,773.45		230.40	15,773.45	16,003.85
(Add) / Less: Inter company eliminations				-		-
Net of eliminations	**100.01**	**15,773.45**	**100.00%**	230.40	**100.02%**	**16,003.85**
Subsidiary - Indian						
Avanse Global Finance IFSC Private Limited	(0.02%)	(2.46)		-	(0.02%)	- (2.46)
Total	**100%**	**15,770.99**	**100.00%**	230.40	**100.00%**	**16,001.39**

Name of Entiry	Net assets i.e Total Assets minus Total Liabilities	
	As % of consolidated net asset	Amount
Parent		
Avanse Financial Services Limited	-	214,974.56
(Add) / Less: Inter company eliminations	10,889.84	-
Net of eliminations	**100.00%**	**214,974.56**
Subsidiary - Indian		
Avanse Global Finance IFSC Private Limited	0.00%	(2.45)
Total	**100.00%**	**214,972.11**

42B Other statutory information:
During the current year

a. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

b. The Group has not been declared as a Wilful defaulter by any bank or financial Institution or other lender.

c. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

d. 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:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

e. 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:

(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 Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

g. 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

h. The Group does not has 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

i.The Group do not have any transactions with struck off companies.

43 A wholly owned subsidiary ('WOS') of the company namely 'Avanse Global Finance IFSC Private Limited' located in Gujrat International Finance Tec-City (GIFT City) has been incorporated effective January 11, 2023. Accordingly, Consolidated Financial Statement of the Group have been prepared from the year ended March 31, 2023. Hence, there are no comparative numbers of / forming part of the previous year.

44 The Consolidated Financial Statements were approved for issue by the Board of Directors on May 05, 2023.

The accompanying notes form an integral part of the Consolidated Financial Statements 1 to 44

In terms of our report attached
For S. R. Batliboi & Co. LLP
Chartered Accountants
Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai

Date : May 05, 2023

For Avanse Financial Services Limited

Neeraj Swaroop
Director
DIN - 00061170
Place : Delhi

Amit Gainda
Managing Director &
Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vineet Mahajan
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 05, 2023

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)

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	82.2169
Share Capital (Equity)	0.01
Reserves and surplus	(0.03)
Total Assets	0.39
Total Liabilities	0.41
Investments	0
Turnover	0
Profit /(Loss) before taxation	(0.03)
Provision for taxation	0
Profit /(Loss) after taxation	(0.03)
Proposed Dividend	Nil
Extent of shareholding (in %)	100%

The subsidiary company is yet to commence its operations. 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 join ventures, this section is not applicable.
Further, no associate of joint ventures have been liquidated or sold during the year under review.

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

Date : May 05, 2023

Neeraj Swaroop
Chairperson and Independent Director
DIN - 00061170

Amit Gainda
Managing Director & CEO
DIN - 09494847

Vineet Mahajan
Chief Financial Officer

Rajesh Gandhi
Company Secretary

AVANSE FINANCIAL SERVICES

ASPIRE WITHOUT BOUNDARIES

Avanse Financial Services

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Andheri East, Mumbai, Maharashtra 400099

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