AVANSE FINANCIAL SERVICES
ASPIRE WITHOUT BOUNDARIES

THE POWER BEHIND EVERY POSSIBILITY

Funding Futures | Building Foundations | Fuelling Growth

Annual Report 2024-2025

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The Power
Behind Every Possibility

Funding Futures | Building Foundations | Fuelling Growth

India stands at the cusp of a transformative era, driven by its young, ambitious population and an accelerating demand for quality education. With one of the world's youngest workforces and an increasing number of students aspiring for global academic experiences, the nation is poised to become a powerhouse of knowledge and innovation. At the heart of this movement is a growing need for inclusive, accessible and future-ready education infrastructure, one that can support first-generation learners and uplift professionals striving for continuous learning.

Avanse Financial Services plays a pivotal role in shaping this future. As a dedicated education financing partner, Avanse empowers dreams across the academic spectrum – from students seeking advanced degrees in India and abroad to institutions aiming to scale and modernise their educational delivery. The Company's purpose is clear — to unlock potential by turning aspirations into opportunities and backing ambition with unwavering support. By providing customised education loans and institutional financing, Avanse enables learners and educators alike to unlock their potential and contribute meaningfully to India's economy.

The theme this year, *The Power Behind Every Possibility*, embodies this commitment. It reflects the invisible yet transformative force Avanse provides – one that turns possibilities into realities for thousands of students and institutions. Whether it is a young girl from a small town preparing for medical school, a working professional advancing their career with an executive programme or a school upgrading its infrastructure to serve more students, Avanse is the catalyst making that journey achievable.

In a world where education is the cornerstone of progress, Avanse continues to be a reliable force driving sustainable impact. With the guiding promise of *Funding Futures | Building Foundations | Fuelling Growth*, the Company remains deeply committed to expanding the education ecosystem. This report celebrates that journey, spotlighting Avanse's role as a growth enabler, a foundation builder and, above all, a partner in every possibility.

Turning Possibility into Reality

India's economy is growing at an exponential pace, continually powered by strong fundamentals and progressive governmental interventions. This growth ushers in endless possibilities, especially a plethora of career prospects for a skilled workforce. There has, in turn, been a steady rise in the number of ambitious youths seeking quality education to leverage the opportunities presented by our country's optimistic and fast-paced progress.

Purposeful ambition requires unwavering support. Recognising this need, Avanse has built its value proposition to provide aspiring students with the means to realise their dreams. Avanse is India's second-largest education-focused Non-Banking Financial Company, dedicated to empowering deserving Indian students with customised education financing solutions. Taking its mission a step further, Avanse is also committed to enabling access to quality education by providing growth and working capital support to educational institutions across India.

Avanse's mission to empower India's education ecosystem is driven by unwavering stakeholder support. Backed by leading Indian and global investors, the Company is well-positioned to sustain its growth and stay true to its purpose — one that serves not only the aspirations of students but also the nation's vision, as education plays a pivotal role in realising the goal of *Viksit Bharat* 2047.

With an Asset Under Management of ~₹18,985 crore (as of March 31, 2025), the Company is backed by marquee shareholders such as International Finance Corporation (an arm of the World Bank), Warburg Pincus (a leading global private equity firm), Kedaara Capital (PE firm pursuing control and minority investment opportunities in India), Mubadala Investment Company (a UAE-based sovereign investor) and Avendus PE Investment Advisors. Avanse has been on a mission to make education financing seamless and affordable for every deserving Indian student.

Avanse Financial Services has a vast network of students enrolled in 1,650+ educational institutions spanning across 50 countries. Furthermore, the Company's overall distribution network stands at ~950, which includes education counsellors, education loan-focused aggregators (marketplaces) and other loan intermediaries.

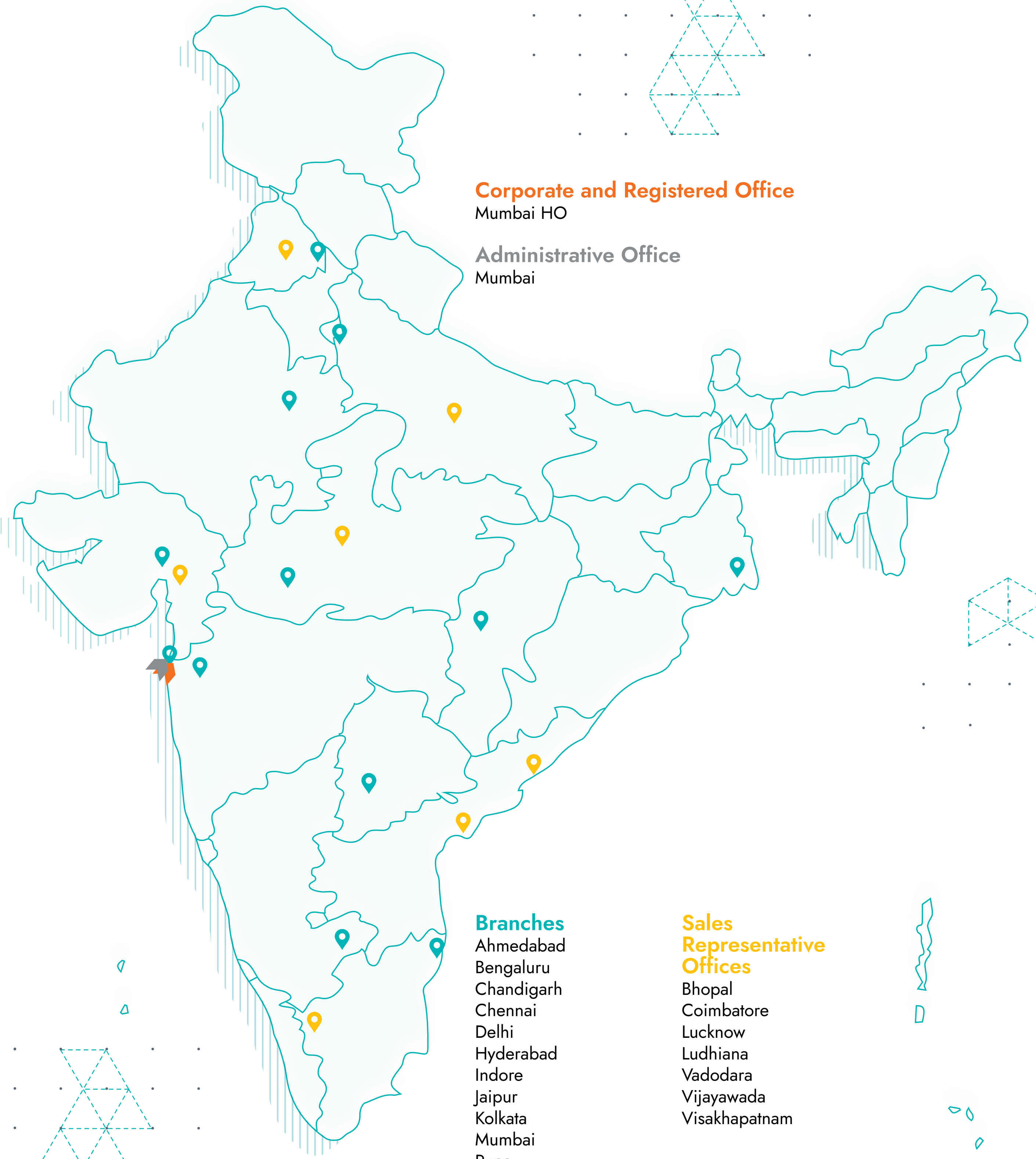
Mission

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

Core

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

Mapping Possibilities across India



Corporate and Registered Office
Mumbai HO

Administrative Office
Mumbai

Branches
Ahmedabad
Bengaluru
Chandigarh
Chennai
Delhi
Hyderabad
Indore
Jaipur
Kolkata
Mumbai
Pune
Raipur

Sales Representative Offices
Bhopal
Coimbatore
Lucknow
Ludhiana
Vadodara
Vijayawada
Visakhapatnam

Board of Directors

Mr Neeraj Swaroop
Chairman and Independent Director

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

Ms Vijayalakshmi R. Iyer
Independent Director

Ms Iyer is an Independent Director of the Company. She holds a Master's degree in Commerce from the University of Bombay. She has more than 13 years of experience in the Financial Services sector. Previously, she worked with the Central Bank of India and the Bank of India. She is presently on the board of various companies, including Glenmark Pharmaceuticals Limited, Aditya Birla Capital Limited, ICICI Securities Limited and Computer Age Management Services Limited.

Ms Savita Mahajan
Independent Director

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

Mr Ravi Venkatraman
Independent Director

Mr Venkatraman is an Independent Director of the Company. An ACA from the Institute of Chartered Accountants of India, he has completed an ICWA from the Institute of Cost & Works Accountants of India. Mr Venkatraman has experience in the Banking and Financial Services sector. He worked with Mahindra & Mahindra Financial Services Limited. He is presently on the board of various companies, including ESAF Small Finance Bank Limited, Kotak Mahindra Prime Limited and SBFC Finance Limited.

Mr Rakesh Bhatt
Independent Director

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

Mr Narendra Ostawal

Non-Executive Director

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

Mr Sunish Sharma

Non-Executive Director

Mr Sharma is a Non-Executive Director of the Company. He graduated with honours from Delhi University and is a gold medallist from the Indian Institute of Management, Calcutta, where he did his MBA. He is also a qualified Cost & Works Accountant. He has over 25 years of experience encompassing the full life-cycle of private equity in India across the Financial Services, Business Services and Technology, and Industrial sectors, as well as across private and public markets. He is the Founder and Managing Partner of Kedaara Capital. Prior to founding Kedaara, he served as a Managing Director at General Atlantic and worked as a Management Consultant at McKinsey.

Mr Hemant Mundra

Non-Executive Director

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

Mr Luca Molinari

Non-Executive Director

Mr Molinari is a Non-Executive Director of the Company. He holds a degree in Economics and Business Administration from Bocconi University in Milan, Italy. He has over 21 years of experience in private equity, public investing and M&A transaction structuring in Europe, North America, South America and the Middle East. He is currently associated as the Deputy CEO of Co-Direct Investments of Mubadala Investment Company in Abu Dhabi. Prior to joining Mubadala, he was associated with Warburg Pincus and Unicredit S.P.A.

Mr Amit Gainda

Managing Director and Chief Executive Officer

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

Management
Team

Amit Gainda
Managing Director and Chief Executive Officer

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

Vikrant Virendra Gandhi
Chief Financial Officer

Vikrant is responsible for managing financial accounting and reporting, treasury, financial planning and business analytics, governance framework and taxation functions of the Company. He holds a Bachelor's degree in Commerce from R A Podar College of Commerce and Economics, University of Bombay, a postgraduate diploma in Treasury and Forex Management from the Association of Certified Treasury Managers and has completed a General Management programme (Executive Education) from the Indian School of Business, Hyderabad. He is a qualified CA and ICWA. He has experience across the Banking and Financial Services sector. Prior to joining our Company, he worked with ICICI Home Finance Company Limited and ICICI Bank Limited.

Amit Yadav
Chief Strategy Officer and Head Special Projects

Amit is responsible for evaluating business opportunities and strategic business planning aligned with the organisation's growth. He holds a Bachelor's degree in Engineering (Chemical Engineering) from the University of Roorkee and a Master's degree in Business Administration from the Robinson College of Business, Georgia State University, USA. He has experience in the Mergers and Acquisitions and Banking and Financial Services sectors. Prior to joining the Company, he worked with Religare Support Services Limited.

Yogesh Rawat
Chief Operating Officer

Yogesh is responsible for managing the operational effectiveness of the value chain, encompassing Credit, Operations, Collection, Customer Service and the Centre of Excellence. He holds a Master's degree in Business Administration from the Indian Institute of Technology, Bombay, and Washington University, St. Louis, under a joint management programme. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and a Cost Accountant (ICWA) from the Institute of Cost & Works Accountants of India. He has over 20 years of experience in banking and financial services. Prior to joining the Company, he worked with ICICI Home Finance Company Limited, HDFC Group and GE Money Financial Services Private Limited.

Rajesh Narayan Kachave

Chief Business Officer – Student Lending International Business

Rajesh oversees the student financing business vertical of the Company. He holds a Bachelor's degree in Arts from Dr Babasaheb Ambedkar Marathwada University, Aurangabad. He has experience in the Banking, Financial Services and Insurance sector. Prior to joining the Company, he worked with HDFC Bank Limited.

Vivek Kumar Baranwal

Chief Business Officer – Education Loans Domestic Business

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

Samir Kumar Mohanty

Chief Technology and Digital Transformation Officer

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

Achal Goel

Chief People Officer

Achal leads the Human Resource team in developing and implementing best practices, policies and procedures to support employees of the Company. He holds a Bachelor's degree in Engineering (Computer Engineering) from the YMCA Institute of Engineering, Maharshi Dayanand University, Rohtak and a Master's degree in Business Administration from the University of Delhi. He has experience in the Banking and Financial Services sector. Prior to joining our Company, he worked with Kotak Mahindra Bank Limited and Citibank NA.

Sorabh Malhotra

Chief Risk Officer

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

Rajiv Kumar

Chief Compliance Officer

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

Ganesh Raghuraman Iyer

Chief Audit Officer

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

Rajesh Pravinkumar Gandhi

Company Secretary and Compliance Officer

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

Building on a Strong Foundation

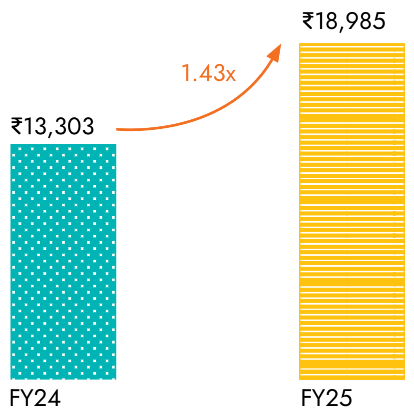
Powering Accelerated Growth – Snapshot of 2024–2025

Since inception, Avanse has been funding the dreams of thousands of students and strengthening India's education ecosystem, helping institutions build their own legacies. As the Company supports an increasing number of individuals on their educational journeys, its financial performance also conveys a story of consistent growth. Building on the momentum from 2022–2023, the organisation prioritised profitability and asset quality while solidifying its financial foundation with a robust balance sheet and diversified funding sources.

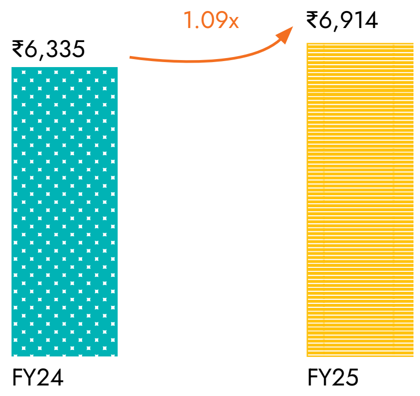
During this period, Avanse achieved remarkable year-on-year growth, with overall Assets Under Management increasing 1.43x to ₹18,985 crore by the end of March 2025. This growth reflects the Company's strategic initiatives undertaken during the year to expand its reach and enhance its impact by offering a comprehensive education-focused product suite – from education loans for students to growth and working capital for educational institutions.

Disbursement for the year grew 1.09x to ₹6,914 crore. Furthermore, the Company's total revenue and profit after tax grew 1.36x and 1.47x to ₹2,351 crore and ₹504 crore respectively, driven by economies of scale and increased efficiency due to the use of technology across functions.

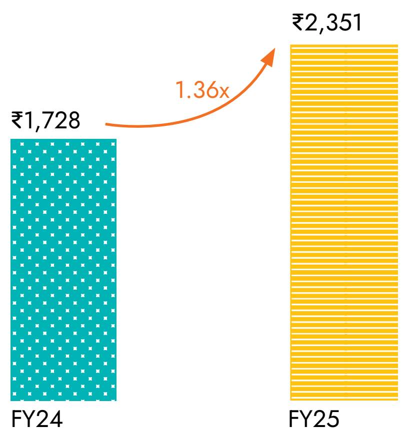
AUM (crore)



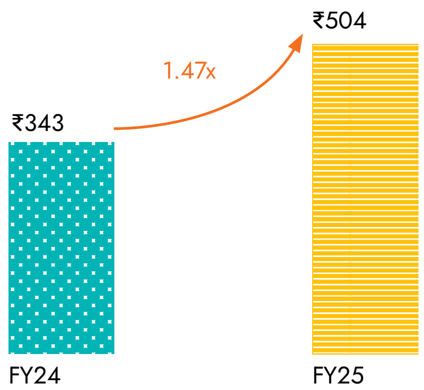
Disbursement (crore)



Total Revenue (crore)



Profit After Tax (crore)



Management Discussion & Analysis Report

Macroeconomic Overview

1. India, a Key Driver of Global Growth

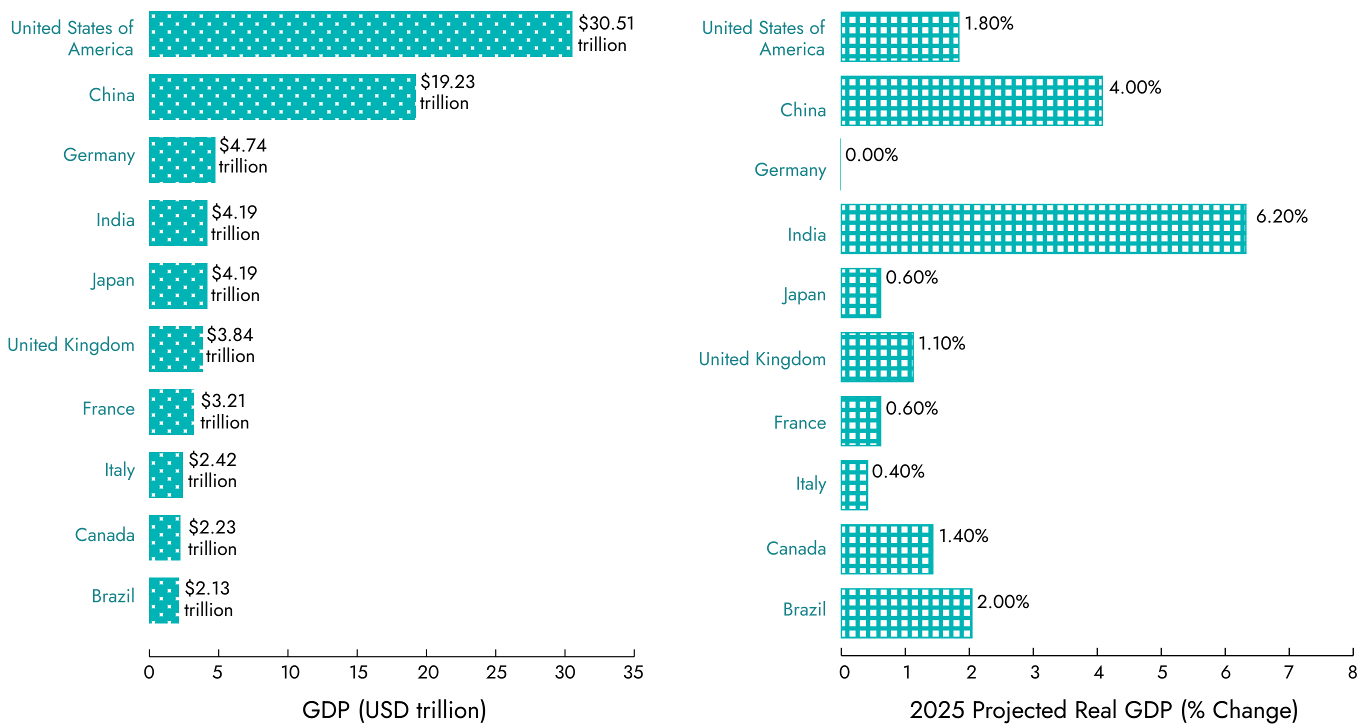
India is expected to continue on its path to being amongst the fastest-growing economies in the world. The International Monetary Fund's (IMF's) World Economic Outlook (WEO) April 2025 edition has projected that the country will remain the fastest-growing major economy for the next two years, with projected Real GDP growth pegged at 6.2% in 2025 and 6.3% in 2026. The overall outlook remains strong, reinforcing not only India's robust macroeconomic fundamentals but also its resilience to maintain momentum in a complex international environment. The Government of India's Economic Survey 2024–25 expects India to remain a rapidly growing major economy, with medium-term growth projected to remain positive, particularly in the services sector, reaching 7.2%[1] in FY24–25 and remaining strong through FY25–26 and FY26–27. All this reaffirms India's economic resilience, driven by strong fundamentals and strategic government initiatives, notably reforms in infrastructure, innovation, financial inclusion and digital inclusion. Importantly, it also signals India's role as a key driver of global economic activity and growth.

2. Global vs. Indian Economic Scenario

Over the past three fiscals, the Indian economy has performed far better than its global counterparts by demonstrating faster growth. India has now officially become the 4th-largest economy in the world, as confirmed by the CEO of NITI Aayog. Currently, the United States, China and Germany are larger economies than India. It is projected that within the next 2–2.5 years, India will rise further to become the third-largest economy in the world.[2]

The IMF projects global economic growth to be at 2.8% in 2025 and 3.0% in 2026. Growth in the United States, the world's largest economy, is projected at 1.8%, reflecting a decrease of 90 basis points from the earlier year's forecast, mainly driven by increased policy uncertainty, ongoing trade tensions and weakening demand momentum. China's GDP growth forecast for 2025 has also been downgraded to 4.0%. Growth in the Euro Area is expected to be at 0.8% for 2025, while emerging markets and developing economies (EMDEs) are anticipated to experience a slowdown, with a projected growth rate of 3.7% in 2025.[3] In comparison to the global scenario, despite the adjustment in growth projections, India's robust growth trajectory continues to set it apart on the global stage.

Top 10 Largest Economies by Current GDP as of April 2025



Source: IMF's World Economic Outlook, April 2025[3]

[1]https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf

[2]https://timesofindia.indiatimes.com/business/india-business/india-overtakes-japan-to-become-the-worlds-fourth-largest-economy-says-niti-aayog-ceo/articleshow/121383543.cms

[3]https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD

3. Resilient Macroeconomic Outlook for 2025–26

India's macroeconomic outlook for 2025–26 remains resilient, buoyed by easing inflation, accommodative monetary policy and robust growth across key sectors such as agriculture, manufacturing and services. Retail inflation eased from 5.4% in FY24 to 4.6% in FY25[4] despite challenging food price dynamics due to timely interventions by the government and the Reserve Bank of India (RBI). Consumer Price Index (CPI) inflation has fallen over the past five months. It averaged 3.9% in January–February 2025 and has slowed to 3.3% in March, 3.2% in April and 2.82% (provisional) in May, below the RBI's target of 4%.[5]

This decline has provided the RBI with room to ease monetary policies. The RBI's Monetary Policy Committee (MPC) cut key policy rates over the first half of CY2025 – the MPC has reduced the Repo rate by 100 bps over the span of four months in the face of easing retail inflation.[6]

Along with policy rate cuts, the RBI is also supporting liquidity, which was under pressure over the past three months due to global market volatility. It has used Open Market Operations (OMOs) and forex swaps to increase domestic liquidity. In March 2025, net OMO purchases were ₹1.4 lakh crore — the highest since 2021. The RBI also conducted three USD/INR buy/sell swaps between January and March, through which it injected liquidity of approximately ₹2.2 lakh crore. These measures have helped reduce the liquidity deficit from ₹2 lakh crore on average in January to ₹1.2 lakh crore in March. According to CRISIL, monetary easing is expected to continue this fiscal in the form of rate cuts and liquidity support. This will support India's GDP growth and offset some of the impact of the global tariff tensions.

In February 2025, quoting the NSO, ICRA research stated that agricultural prospects are strong, supported by above-normal monsoon rainfall and robust rabi sowing, which are expected to deliver over 4% growth in the sector. The sector recorded a 3.5% growth in Q2 FY25, representing a recovery compared to the previous four quarters. Manufacturing is gaining momentum, aided by improving domestic demand, lower input costs and a supportive policy environment. The services sector continues to exhibit resilience, bolstered by strong domestic demand and stable global prospects. These developments underscore India's steady economic trajectory amidst global uncertainties.[7]

The measures announced in the Union Budget FY25 are also expected to play a pivotal role in propelling India's growth journey ahead.

- The budget envisions boosting the overall economy with agriculture, MSMEs, investments in people, infrastructure and innovation and exports as the main engines of development.
- It is an inclusive budget that aims to carry everyone along, with a priority on the welfare, well-being and empowerment of all citizens, while firmly placing India on the path to achieving the goal of a developed, high-income India by 2047.
- The budget includes a strong focus on education, with a total allocation ₹128,650 crore for the Ministry of Education, marking a 6.2% increase over FY24–25.
- The numerous initiatives around education, research and people investments include 50,000 Atal Tinkering Labs in government schools in the next five years, broadband connectivity in government secondary schools over the next three years, allocation of ₹20,000 crore for private sector-driven research, expansion of capacity at new IITs for 6,500 more students, and addition of 10,000 more seats at medical colleges and hospitals over the next five years.

Cumulatively, these and various other progressive measures outlined in the Union Budget are expected to empower India's youth to gear up and contribute towards the development of the nation.

[4]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2122148
[5]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2128387
[5]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2122148
[5]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2135927
[6]https://economictimes.indiatimes.com/news/economy/policy/rbi-cuts-repo-rate-by-50bps-heres-what-key-economists-say/articleshow/121667713.cms?from=mdr
[7]https://www.icra.in/Rating/DownloadResearchSpecialCommentReport?id=6151#:~:text=Owing%20to%20the%20robust%20growth%20in%20kharif,rural%20demand%20buoyant%20in%20the%20near%20term

4. Overview of Non-Banking Financial Companies Sector[8]

Retail AUM growth
The retail Assets Under Management (AUM) of non-banking financial companies (NBFCs) — excluding housing finance companies (HFCs) — are projected to expand by 16—18% in FY26. This marks a slight deceleration from the 17—19% growth anticipated in FY25. The slowdown has been more pronounced in unsecured lending segments, such as microfinance institutions (MFIs) and personal loans/ consumer loans (PL-CL), while the decline in secured loan segments has been relatively moderate.

Asset Quality Risks and Credit Costs
Risks related to asset quality remain high due to the rapid growth in the last two years. With delinquencies in the NBFC-retail space expected to deteriorate further (rising by 10—20 bps in FY26), credit costs are expected to remain high in FY26. A clear contrast is expected between secured and unsecured loan portfolios, with the latter bearing much higher credit costs.

Profitability Outlook
Despite asset quality pressures, NBFCs are expected to maintain profitability in FY26. According to ICRA, interest margins may reduce to some degree as growth in the unsecured segment eases and NBFCs' ability to calibrate the asset mix to support the margins is diminished.

Funding Requirements and Sources
Additional funding requirements for NBFC-Retail players in FY26, excluding refinancing of existing debt, are estimated to be between ₹3,40,000 crore and ₹3,50,000 crore. The share of bank lending to NBFCs has stabilised at around 9% in recent months, a drop from the 10% share observed two years ago. While bank credit may remain restricted, the sharp decline in market interest rates in April 2025 could enable increased market-based fundraising to fill the gap. Other funding avenues, such as external commercial borrowings (ECBs) and securitisation, will also play a key role. Overall, ICRA forecasts the average cost of funds for NBFCs to decline by 10—30 basis points in FY26.

Sectoral Capitalisation
Capitalisation of the sector is deemed sufficient to withstand potential asset quality shocks and to back the expected AUM growth in the short term. However, NBFCs experiencing substantial credit losses may need to raise 'confidence capital' to reassure lenders and other stakeholders.

5. Key Growth Drivers

World's Largest Population
As per the 2011 Census, India's population stood at ~125 crore with ~24.5 crore households. The population, which grew at nearly 1.5% CAGR between 2001 and 2011, is estimated to have increased to ~145 crore by 2024, making it the world's most populous country. By 2031, the population is projected to reach ~152 crore, with the number of households at ~38.5 crore.

Favourable Demographics
India stands at a critical juncture with its demographic advantage and rapid economic growth. With 63% of its population in the working-age group of 15—59 years and a median age of around 28 years, India has the potential to harness its demographic dividend to propel itself forward as a global economic powerhouse. India is home to about one-third of the world's STEM graduates, and they drive innovation in a wide range of fields, from agriculture to Artificial Intelligence (AI) and from electric vehicles (EVs) to pharmaceuticals, amongst countless other areas.

A Pro-Business Sentiment
Over the past decades, the government of India has reviewed its business-related laws and has been progressively implementing a series of pro-business reforms. For example, the National Manufacturing Mission focuses on enhancing five critical areas — ease and cost of doing business, workforce development, access to technology, quality production and support for MSMEs. In addition, several targeted government programs are being introduced to support specific industries.

Urbanisation
Urbanisation, a key driver of economic growth, is expected to spur investments in infrastructure development, which, in turn, is expected to create jobs, develop modern consumer services and increase the ability to mobilise savings. India's urban population has been rising consistently over the decades. By 2036, its towns and cities are projected to be home to 60 crore people, or 40% of the population, up from 31% in 2011, with urban areas contributing almost 70% to GDP. This will positively impact economic growth, employment, infrastructure development, consumer demand and more.[9]

[8]https://www.icra.in/CommonService/OpenMediaS3?Key=4a11aca3-1a1d-4e46-916e-2697687f90ed

[9]https://www.worldbank.org/en/news/opinion/2024/01/30/gearing-up-for-india-s-rapid-urban-transformation

Rising Middle India Population

The proportion of 'Middle India' (defined as households with an annual income of ₹2–10 lakhs) has been on the rise over the past decade. It is expected to continue increasing with rising GDP and household incomes. The vast pool of Indian consumers now has greater spending power. CRISIL MI&A estimates there were ~4.1 crore middle-income households in India in fiscal 2012, and it is expected to increase to ~18.1 crore households by fiscal 2030. A large number of households that have entered the middle-income bracket in the past few years are likely to be from semi-urban and rural areas. Improvement in literacy levels, increase in access to information and awareness, increase in the availability of necessities and improvement in road infrastructure have enhanced the aspirations of Middle India, which is likely to translate into increased opportunities for financial services providers.[10]

Expanding Digital Surge

India's digital landscape continues to grow rapidly, with the number of smartphone users surpassing 100 crore in 2024 and internet users projected to exceed 90 crore by 2025. This surge in digital connectivity has made Indian consumers responsible for over 40% of global internet transactions. The impact on the financial sector has been profound, driving widespread adoption of digital payments, expanding access to financial services and enabling fintech innovation at scale. As a result, financial inclusion is deepening across urban and rural areas alike, reshaping how individuals and businesses manage, borrow and invest money.[11,12]

Supportive Government Initiatives

The Economic Survey 2024–25 underscores the Government of India's efforts to boost renewable energy in the country and green investments through various incentives as well as regulatory measures. The government's social services expenditure has witnessed a 15% CAGR increase (combined for the centre and states) from FY21–FY25. On the education front, the government has been working proactively towards meeting the objectives of the National Education Policy 2020 through a range of programmes and schemes. These include the Samagra Shiksha Abhiyan, DIKSHA, STARS, PARAKH, PM SHRI, ULLAS and PM POSHAN, amongst others. The MSME sector has emerged as a highly vibrant sector of the Indian economy, according to the Economic Survey. To provide equity funding to MSMEs with the potential to scale up, the government launched the Self-Reliant India Fund with a corpus of ₹50,000 crore.

To conclude, India's macroeconomic outlook remains robust, positioning the country as a key driver of global growth. The IMF projects India to be the fastest-growing major economy through 2026. The World Bank echoes this optimism, especially highlighting strengths in the services sector. Despite a slight downward revision due to global trade tensions, India's growth trajectory remains resilient, supported by strong fundamentals, strategic reforms and government initiatives in infrastructure, innovation and digital inclusion.

India's economic performance has consistently outpaced global peers and the country is set to become the world's third-largest economy by 2030. Inflation is easing, providing the RBI the space for accommodative monetary policies and liquidity support, bolstering overall growth. Key sectors like agriculture, manufacturing and services are showing strong performance, aided by supportive budgetary allocations and sectoral reforms.

Structural strengths – including a large working-age population, rising urbanisation, expanding middle-income households and a thriving digital economy – continue to power long-term growth. Supportive government policies across education, MSMEs, green energy and financial inclusion are further reinforcing macroeconomic stability. Together, these factors underscore India's resilience and its rising influence on the global economic stage.

[10]https://www.veritasfin.in/CRISIL-report.pdf

[11]https://www.ibef.org/news/india-s-internet-users-to-exceed-900-million-in-2025-driven-by-indic-languages#:~:text=India's%20internet%20user%20base%20is,accessing%20content%20in%20these%20languages

[12]https://www.mckinsey.com/industries/industrials-and-electronics/our-insights/india-the-promise-and-possibilities-for-global-companies

Education and Education Financing Market Overview

Since time immemorial, India has placed great emphasis on quality education. Given the country's young demographic profile and increasing competition, it has become more critical, both at a household level as well as at a macro, national level.

India has long been a significant source of international students, with a rising number of Indian students opting for higher education abroad.

	CY21	CY22	CY23	CY24
Total number of Indian students studying abroad[13]	11,58,702	9,07,404	13,18,955	13,35,878

The surge in Indian students going abroad for studies has been fuelled by the growing aspirations of students to pursue education in foreign universities, along with a better lifestyle and global exposure. Quality education, rising globalisation, availability of overseas education financing, and research opportunities are some of the reasons behind this trend of Indian students seeking education in destinations like the US, the UK, Australia, Canada and Germany. Together, these countries accounted for over 70% of all Indian students studying abroad, thanks to their diverse academic offerings and post-study work opportunities.

While these top destinations still hold strong appeal, the past year has seen growing challenges, including increased difficulty in obtaining study visas, uncertainty around post-study work opportunities and concerns over shifting policy landscapes. A recent British Council report highlights that the number of Indian students at these major study destinations is likely to decline this year despite demand for higher education remaining strong in the Indian market.

There are a few macroeconomic challenges across destinations such as the US and Canada, but students' aspirations to study abroad remain unabated. Therefore, Indian students are exploring alternative destinations. According to information collated by ICEF[14], Indian student numbers are rising in destinations such as:

GERMANY
+68%
from 2022 to 2024
(from 20,700 to 34,700)

RUSSIA
+59%
from 2022 to 2024
(from 19,800 to 31,400)

FRANCE
+33%
from 2022 to 2024
(from 6,400 to 8,500)

NEW ZEALAND
+354%
from 2022 to 2024
(from 1,600 to 7,300)

IRELAND
+49%
from 2022/23 to 2023/24
(from 4,700 to 7,000)

[13]https://www.mea.gov.in/rajya-sabha.htm?dtl/38062/QUESTION_NO1194_DETAILS_OF_EMIGRANT_INDIAN_STUDENTS [Annexure A]

[14]https://monitor.icef.com/2025/03/what-is-happening-with-indian-enrolments-abroad-this-year/

India, a Global Education Hub

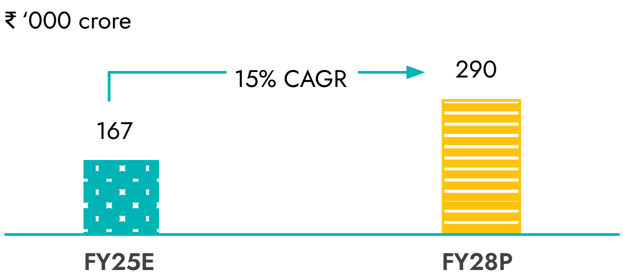
However, it is not that Indian students are seeking opportunities only overseas. With the country emerging as a global education hub by allowing foreign universities to set up campuses and through international academic collaborations, India has also seen a dramatic rise in student enrolment. The total number of students enrolled in higher education in India was ~4.33 crore in 2021–22, a 26.5% increase from ~3.42 crore in 2014–15. The Gross Enrolment Ratio (GER) for the 18–23 age group also rose from 23.7% to 28.4% in the same period. Over the years, India has seen its higher education ecosystem develop significantly. The number of Higher Education Institutions (HEIs) has increased by 13.8% from ~51,534 in 2014-15 to ~58,643 in 2022-23.[15]

A close analysis of the Indian education sector highlights some of the major drivers of growth in demand:

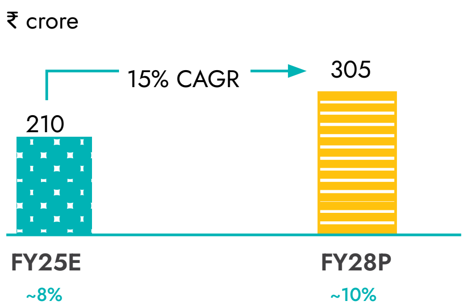
- There is a growing awareness of the importance of holistic development and employability in an increasingly competitive job market. This has spurred students and parents to invest not just in higher education but also in test preparation courses, skilling and upskilling courses and executive education.
- The rise of digital learning platforms and hybrid models has made education programmes more accessible and tailored to individual needs, driving greater adoption.
- More and more working professionals are investing in continuous learning to stay relevant in their careers, further fuelling demand across various segments of the education ecosystem.

On the supply side, this translates into a huge opportunity for educational institutions in India to not just expand capacity but also invest in improving infrastructure and facilities to provide a high-quality and holistic learning experience at par with the best globally. This includes state-of-the-art labs, digital classrooms, e-learning tools and technology, green buildings and facilities for sports and extra-curricular activities. To do all this seamlessly, educational institutions require access to timely CAPEX and working capital, creating an immense opportunity for education institution financiers to play a significant role in supporting this demand throughout the country. Currently, the universe of educational institutions is around ~15 lakh in India, out of which ~3.4 lakh are private unaided schools.

Target Market Investment | CAPEX and Working Capital



Industry Disbursement



For students and working professionals seeking higher education and developmental programmes in India, a combination of factors – education inflation, increasing aspirations, desire to finance their own education and viewing education as an investment for the future – will be strong drivers for education financing. Hence, education financing is expected to be a strong growth story for India over the next few decades. According to a CRIF report (as of December 2024), India's education loan portfolio expanded from ~₹88,000 crore in FY19 to ~₹2.1 lakh crore in December 2024, witnessing a growth of 140% over base year. It has experienced a year-on-year growth rate of ~29%, and its ~5.75-year CAGR is ~16%.

[15]https://www.education.gov.in/sites/upload_files/mhrd/files/PIB2101363.pdf

Power behind Education Loans

The crucial factors boosting growth in the education lending space include:

Demographic Dividend

India has the world's largest and youngest population. The country has more than 60 crore people between the age of 18 and 35, with 65% under the age of 35. Government estimates expect India's demographic dividend to persist until 2055–56, peaking around 2041. This opportunity needs to be harnessed with the creation of enabling conditions. Over the years, enrolment in higher education has increased; from ~3.4 crore in 2014-15, it has gone up to ~4.3 crore in 2021-22. The education landscape of the country has been undergoing a substantial transformation. Higher education aspirants from across India, including Tier II, III and beyond cities, are now increasingly seeking higher education in large cities as well as overseas, indicating a shift in aspirations and accessibility. These dynamics offer a huge opportunity for the overall education and education financing segment to grow and create a positive impact on the overall economy.

Rising Cost of Education

The cost of higher education in India and most other countries is rising every year. The increased cost leads to gaps between students and their academic aspirations. Education loans help bridge the difference, ensuring quality education is accessible to students from all economic backgrounds.

Career Prospects

Indian society continues to value education to enhance career prospects. The trend of pursuing higher education opportunities remains strong among India's middle class and those in Tier II, III and beyond cities. Education loans allow young students to pursue their dreams, providing them with access to new jobs and career opportunities and making them future-ready. New-age financiers are designing customised financing solutions to fund a host of courses. Student loans are now available for conventional programmes, such as STEM and MBA, as well as non-conventional courses like sound production and other vocational, skilling, upskilling and reskilling programmes.

Expanding Lending Ecosystem

The education loan market has been traditionally dominated by public sector banks. However, lately, private sector banks and NBFCs have been offering personalised products with flexible repayment options, quicker processes and collateral-free loans.

The Power of Technology

Lenders are increasingly using technology, AI and ML to improve loan disbursement turnaround times and enhance customer experience. AI and ML-based tools are being utilised to provide customised solutions. Conducting a thorough analysis of the student's profile using technology enables lenders to determine the employability potential of the student. Analysis based on academic scores, entrance exam scores, the pedigree of the university, continuity in education and other vital parameters leads to quick and efficient decision-making to provide personalised financing solutions.

Upskilling and Reskilling Demand on the Rise

AI and other developments are changing the way we work. Young professionals now need to develop new skills to keep pace with the latest developments, especially in the face of increasing competition in the job market and the expectations of employers that their recruits be well-versed in the latest digital skills. Education loans can provide funding assistance to those seeking to reskill and upskill to stay relevant.

Under-Penetrated Education Loan Market[16]

Despite the rising demand for education loans in India, the penetration in the education industry is still quite low at 12–13% as of FY24. One key reason is that there are only a few players in the market with specialised models for education loans (especially in the NBFC space). This has left a major segment, particularly in the low-income and middle-income groups, significantly underserved, providing a great opportunity for lenders to expand their businesses.

[16] https://www.avanse.com/pdf/Industry%20Report.pdf [pg81]

Funding Potential through **Customised Financing Solutions**

Avanse provides hyper-personalised education financing solutions. The Company is proud to offer diverse solutions that cover a wide range of courses, universities and costs. It also offers financing options for the working and growth capital needs of India's educational institutes.

Student Loans – International

Avanse designs customised education financing solutions for Indian students pursuing undergraduate and postgraduate courses overseas that cover all the education-related costs, from course fees to travel, living expenses, books, learning devices and more.

Educational Institution Loans

Avanse provides collateral-backed financing solutions to private educational institutions, generally K-12 schools, located in peripheral areas of Tier I cities and in Tier II and beyond cities in India.

Education Loans – Domestic

The Company also designs customised financing solutions for Indian students seeking higher education at domestic institutions. It also includes loans for professionals engaging in executive learning programmes, as well as financing for both curriculum fees for students enrolled in accredited schools and non-curriculum fees associated with skilling programmes, executive education and test preparation courses, all in India.

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 entity:

Governance, Risk, Compliance and Controllership (GRCC)

The Company continuously adapts and strengthens its Corporate Governance Framework and Integrated Enterprise Risk Management to deal with dynamic needs. The Risk Management Committee (RMC) completes a holistic review of operational risks across businesses and functions at quarterly meetings. The organisation has built and defined various metrics that enable it to identify, measure, review, monitor, control and mitigate potential risks swiftly.

Liability-First Approach

The company maintains a well-diversified liability profile and has established a broad spectrum of lending relationships across banks and financial institutions. This includes public sector banks, private sector banks (including foreign banks), mutual funds, insurance companies and corporates. It raises funds through instruments such as rupee term loans, non-convertible debentures, external commercial borrowings, commercial paper, securitisation and direct assignment and co-lending transactions.

This helps mitigate risk related to liquidity, maturity mismatches, interest rate and concentration and ensures access to liquidity to meet the company's financing needs. This prudent approach enables the company to consistently maintain a strong Asset Liability Management (ALM) position with positive mismatches across various maturity buckets.

Asset Build with Strong Segment-Led Approach

Avanse leverages its deep expertise in education financing to develop customised loan solutions that cater to the specific needs of student borrowers. It employs a holistic student evaluation process that goes beyond traditional co-borrower financial assessments. Therefore, it analyses factors like the students' academic scores, standardised test scores, the pedigree of the educational institution and the continuity of education, to name a few. The innovative approach has allowed the organisation to empower a vast network of students enrolled in 1,650+ educational institutions spanning across 50 countries.

Hybrid Operating Model

Avanse relies on a distinctive hybrid operating model that merges the strengths of traditional lenders with the agility and data-driven decision-making of new-age fintech pioneers. The unique Touch and Tech approach fosters a digitally-savvy organisation, enabling it to deliver a superior customer experience and achieve operational excellence. Furthermore, this model prioritises robust risk management practices, ensuring the financial health and quality of the loan portfolio.

Business Performance Numbers

Currently, the total AUM stands at ₹18,985 crore and it has disbursed loans worth ₹6,914 crore.

FINANCING SOLUTIONS

Student Loans – International	Educational Institution Loans	Education Loans – Domestic	Others
AUM ₹15,275 crore	**AUM ₹3,068 crore**	**AUM ₹320 crore**	**AUM ₹322 crore**
Disb ₹5,152 crore	**Disb ₹1,501 crore**	**Disb ₹190 crore**	**Disb ₹70 crore**

TOTAL

AUM **₹18,985 crore**

Disb **₹6,914 crore**

Drivers of Value Creation

Asset Quality

Avanse prioritises a proactive approach to credit risk management. The Company employs a structured collection process, encompassing timely payment reminders and predictive analytics to assess potential default probabilities. This approach allows for the early identification of potentially stressed accounts, allowing the Company to implement timely interventions and mitigate potential losses effectively.

As of March 31, 2025, the Company's overall Gross Stage 3 (GS-3) ratio remained low at 0.26%, reflecting the strength of our underwriting and risk management practices. The GS-3 ratio for our Student Loan – International (SLI) business stood even lower at 0.10%. Furthermore, the Company continues to maintain a healthy Provision Coverage Ratio (PCR) of 85% on stage 3 assets, with no incipient signs of stress observed in the portfolio.

Borrowing

The borrowing profile of the Company remains robust and well-diversified, reflecting its strategic focus on maintaining a balanced funding mix. During the financial year ended March 31, 2025, Avanse successfully raised long-term debt through multiple instruments, including Term Loans, Non-Convertible Debentures (NCDs) and External Commercial Borrowings (ECBs).

The Company has diversified its funding sources by deepening and widening relationships which enabled the Company to effectively meet the strong demand from businesses throughout the year, including the timely refinancing of maturing obligations and ensuring sufficient liquidity to manage debt servicing requirements.

The well-diversified borrowing strategy mitigates concentration risk by avoiding dependency on any single funding source, thereby enhancing financial stability and providing flexibility to optimise costs in varying market conditions.

As of March 31, 2025, the Company's total borrowings from banks and financial institutions in the form of Term Loans stood at ₹8,303 crore, accounting for 57% of the overall funding mix. Additionally, borrowings from Debt Securities and External Commercial Borrowings stood at ₹3,770 crore and ₹2,317 crore, comprising 26% and 16% of the total mix, respectively. Borrowings from other sources totalled ₹84 crore.

Credit Ratings

During the year under review, CRISIL Ratings assigned credit ratings to Avanse Financial Services for the first time in August 2024. The long-term ratings for bank facilities and non-convertible debentures were assigned at 'CRISIL AA-/Stable', reflecting the Company's healthy capitalisation, strong market position in the overseas education loans segment and improving profitability. The rating on Commercial Paper was assigned at 'CRISIL A1+'.

In December 2024, CARE Ratings reaffirmed its long-term ratings on the Company's bank facilities and debt instruments at 'CARE AA-/ Stable' and market-linked debentures at 'CARE PP-MLD AA-/Stable'. This was led by the Company's established market presence in the overseas education loan segment, improvement in scale of operations, improving profitability and healthy asset quality. The rating on Commercial Paper was reaffirmed at 'CARE A1+'.

ICRA Limited reaffirmed the rating for the Commercial Paper Programme of the Company at 'ICRA A1+' by ICRA Limited in November 2024.

During the year, Brickworks Ratings also reaffirmed the Company's rating at 'BWR AA- (Stable)' in January 2025 for all Long-Term Secured Borrowings in the form of Non-Convertible Debentures and Sub-ordinated Non-Convertible Debentures.

The Company's credit ratings as of March 31, 2025, are summarised below.:

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

Overall, the ratings assigned during the year reflect Avanse's commitment to maintaining a strong market position in the education loan segment, healthy capitalisation supported by regular equity infusions, healthy asset quality and improving profitability metrics. These ratings further reinforce the Company's position as a leading education-focused NBFC in the Indian financial services landscape.

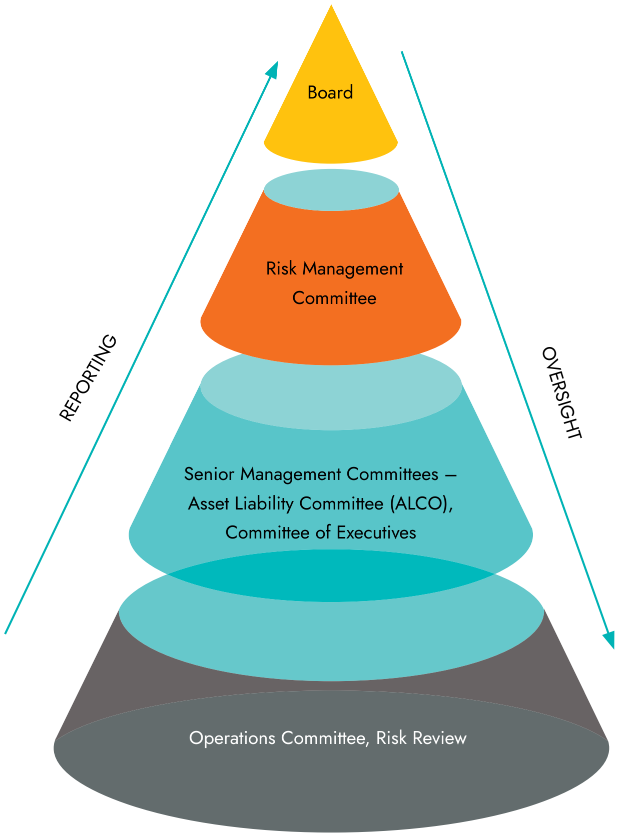
Risk Management

As an NBFC, risk management is an integral part of Avanse's business strategy. The risk management framework at Avanse is designed to identify, assess, manage and mitigate various risks faced by the entity, aligning with strategic objectives and regulatory requirements. The comprehensive Enterprise Risk Management policy and framework governs the Risk Management process. It is an ongoing process supported by a robust risk-reporting framework.

At the highest level, the Board of Directors has instituted a Risk Management Committee (RMC) to assist in the oversight and review of risk management principles, policies, strategies, risk appetite, processes and controls. This oversight is facilitated by a strong governance framework and review mechanism.

Risk management is embedded through comprehensive policies, procedures and continuous reviews. Each business vertical operates with clearly defined risk tolerance levels established during the annual budgeting process. The organisation maintains a disciplined review process at periodic intervals to ensure alignment with its risk management framework. The Risk function is deeply embedded in the organisation's strategic oversight, contributing to business reviews as a critical partner in shaping risk-informed decisions. These engagements ensure that risk considerations are not only identified but are integral to the formulation of forward-looking business strategies. The Company tracks major geopolitical and regulatory risks on an ongoing basis to enable agile policy action. This collaborative approach ensures that potential risks are promptly addressed and a mitigation strategy is developed.

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 Appetite Statement (RAS)

The Company has a Board approved Risk Appetite statement in place to define, effectively manage and communicate risk tolerance. It comprises quantitative as well as qualitative parameters covering all key risks in alignment with the organisation's strategic goals and objectives.

Risk Universe

NBFCs are subject to various risks due to the nature of their business. The entity has a well-defined Risk Universe; the key risks the Company has exposure towards are Credit Risk, Liquidity and Interest Rate Risk, Operational Risk and Other Risks (which include Information Security, Reputation, Brand and Compliance Risks). For each of these risk categories, controls by way of detailed policies, frameworks and SOPs are in place.

Sr. No.	Key Risks Categories	Risk Sub-Type	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 in 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	
		People	The risk of loss resulting from inadequate or failed internal processes, people and systems or external events (including Fraud Risk).
		Systems (Information Technology)	
3	Market Risk	Liquidity Risk	
		Interest Rate Risk	Loss on account of Asset Liability Mismatch, failure to meet obligations when due.
		Forex Risk	Loss on account of adverse changes in interest rates and foreign exchange movement.
4	Other Risks	Reputation Risk	
		Brand Risk	Loss on account of external events which may adversely impact the reputation/brand of the organisation.
		Compliance Risk	Loss on account of failure to comply with regulatory guidelines and requirements.
		Cyber and Information Security Risk	Loss on 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.

Key Risks and Controls

1. Credit Risk

Credit risk is the risk of default by borrowers. It can arise due to various factors, for example, due to deterioration in the credit profile of the borrower, counterparties or macroeconomic factors which may impact certain segments or industries. The Company has detailed controls in place through respective product credit policies, which lay down defined standards for Credit Evaluation and Underwriting along with the utilisation of credit scoring models and alternate data sources to evaluate the creditworthiness of the borrower. This is well supported by stress testing and ICAAP assessment.

2. Liquidity and Interest Rate Risk

Asset Liability Management (ALM) is an integral part of strategic Balance Sheet Management, involving risks caused by changes in the Interest Rate, Exchange Rate and liquidity position of the NBFC, etc. Effective management of these risks, along with Contingency planning, protects the entity from financial shocks and reduces the volatility of future cash flows. The assets and liabilities of the Company are managed to optimise the earnings (net interest income) and liquidity.

The Company has a well defined risk framework in place to mitigate these risks comprises ALM, Investment, Resource Planning, Interest Rate and Forex Management Policy.

Liquidity Risk Management: The Company has defined tolerances for mismatches in liabilities and assets in line with regulatory guidelines, which are monitored. There is a regular review of the borrowing mix, unencumbered assets, Liquidity Coverage Ratio and thresholds defined as part of the stock approach to monitor liquidity risk. The liquidity contingency plan is defined for the organisation; the ALCO reviews the mitigation plans for any triggers as per the liquidity framework.

Interest Rate Risk Management: The Interest Rate Risk arises due to changes in regulatory or market conditions affecting the interest rate, short-term volatility and prepayment risk translating into a reinvestment risk. The duration analysis method is used for the assessment of interest rate risk by the entity, and the impact on earnings (NII) and Market Value of Equity (MVE) due to interest rate change is analysed against defined tolerance limits.

There is regular stress testing done by the entity for interest rate and liquidity risk as part of its stress testing and ICAAP assessment.

3. Operational Risk

It is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Operational risk per se is majorly internal and unknown; therefore, its assessment is done on a symptomatic basis, i.e., the process of Identification of Loss events and aggregation of loss data through a KRI approach is followed. Additionally, the Risk Control and Self-Assessment (RCSA) framework is implemented for all functions. The key processes are analysed in terms of risk assessment with an existing control framework in place. There is control testing done for functions basis the RCSA, and key processes and findings are presented to the management for process improvements and changes.

Outsourcing Risk: The entity has an outsourcing policy and framework in place as per regulatory guidelines towards the classification of partners as material and non-material. The entity follows stringent practices as per policy while onboarding the partners and conducts a periodic review of all partners based on the defined framework

4. Other Risks

Cyber and Information Security Risk:

An information security charter is in place for the entity. The charter clearly defines the objectives to design, implement and maintain an Information Security Management System (ISMS) to protect the confidentiality, integrity and availability of the organisation's information assets. The objective is to deliver effective information security governance and secure the IT operation of the organisation. The IT strategy committee of the Board regularly reviews the information security and IT posture of the Company and advises on mitigation strategies.

Reputation, Brand and Compliance Risk:

The Key Risk Indicator (KRI) approach is used for these indicators as part of the Enterprise Risk Management framework with defined thresholds for all KRIs, which are regularly monitored and reported to RMC. Mitigation plans are prepared and reviewed quarterly in case of any limit trigger for these indicators.

Emerging and External Risk:

External risks include potential losses from events beyond the Company's control, such as natural disasters, wars, competition and regulatory changes. Subjective assessments based on macroeconomic factors and geopolitical risks are conducted to gauge any emerging risks, along with impact assessments, which are presented to the top management to enable informed decision-making.

Risk Reporting

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

Avanse follows the three lines of defence model for providing management assurance:

1. First line of defence: Business and functional units are the primary owners of risks for their respective functions and business units.
2. 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 Company.
3. Third line of defence: The Audit function has oversight and reviews all the functions of the Company.

Unlocking Limitless Possibilities through Technological Solutions

Technology has been central to Avanse's strategy for delivering a seamless and superior customer experience. By adopting a cloud-first approach, the Company ensures scalable, high-performance systems that efficiently support diverse loan profiles while maintaining cost-effectiveness. The API-driven technology landscape enables faster product innovation and smoother servicing journeys across all touchpoints. Advanced security measures, including integrated security information and incident management tools, safeguard customer data and build trust. These technology-led initiatives collectively enhance the distribution reach, streamline operations and collections and provide borrowers with a reliable, responsive and digitally empowered experience.

Over the years, the Company has integrated end-to-end technology-enabled platforms *(physical and digital touchpoints during the loan life cycle)*:

Sourcing: The organisation digitally onboarded new educational service providers and DSAs on the portal. The API framework integrates with a large network of active education counsellors and aggregators, enabling extended distribution reach.

Application Processing: The loan origination platform enables application processing in an assisted manner, leveraging the digital public infrastructure for paperless fulfilment of applications.

Underwriting: The Company utilises an AI-ML-enabled business rule engine powered by a fail-safe bureau framework for straight-through processing and credit policy administration. It has also developed an in-house scorecard for underwriting student loans for better risk grading and pricing. The scorecard utilises a combination of alternative and traditional behavioural data and has been developed based on the organisation's experience in student lending.

In FY24–25, the Company focused on planning and executing key initiatives aimed at enhancing the overall customer experience and strengthening the journey for all stakeholders.

Processio – End-to-End Loan Life Cycle Application: 'Processio' is an in-house developed application designed to provide a unified platform across the loan journey, offering dedicated portals for partners, sales teams and credit/operations, thereby enhancing control, collaboration and overall process efficiency.

Avanse found that fragmented systems and manual handovers throughout the loan journey caused delays, increased errors and limited end-to-end visibility. Thus, the Company set out to create a unified, proprietary platform to digitise and streamline the entire loan life cycle. 'Processio' integrates partners, sales, credit and operations, driving seamless collaboration, real-time visibility and rule-based automation.

This solution aims to enhance operational efficiency and turnaround time (TAT) and ensure deeper penetration in the partner ecosystem and greater transparency across teams. 'Processio' improves compliance and audit readiness, creating a scalable foundation for future product innovations.

Customer Portal: The newly implemented and enhanced mobile-responsive Customer Portal empowers customers to manage their post-disbursement needs efficiently through a user-friendly interface, leading to improved customer experience and reduced reliance on traditional channels.

Earlier, customers faced challenges in managing post-disbursement activities, often relying on manual support and emails. Avanse recognised the need for a digital, mobile-responsive Customer Portal designed to streamline and enhance post-loan servicing. The portal provides seamless access to loan details, digital tranche disbursement, part and overdue payments, loan documents and real-time notifications – available across both desktop and mobile devices.

Customer Portal has increased self-service adoption and reduced inbound traffic to customer support. It aims to ensure faster issue resolution and service fulfilment and enhanced customer engagement, retention and overall experience.

AI Email Classification Bot: Leveraging advanced Gen AI technology, the Company successfully deployed an intelligent email classification and automation solution, achieving 94% accuracy in categorising customer inquiries and streamlining the response processes.

Avanse was facing high email volumes from customers, which were slowing down response times and affecting service quality. There was a pressing need to automate the categorisation and triaging of emails. This led to the implementation of an AI-powered email classification and automation bot using Generative AI. The system analyses incoming emails, classifies them into predefined categories and triggers automated workflows or routes them to the appropriate teams. It has achieved 94% classification accuracy.

This solution has reduced manual workload on service teams, improved First Response Time (FRT) and overall TAT and ensured consistent and scalable customer support.

UPI Autopay: Avanse enhanced the EMI collection process for low-ticket-size loans by introducing UPI Autopay, resulting in an immediate presentment TAT, a substantial improvement from the previous one-day cycle. The integration of UPI Autopay to streamline EMI collections and enable real-time debit mandates addressed the issues presented by manual processes and delays in EMI collection for low-ticket loans, which caused operational bottlenecks and late payments.

UPI Autopay allows customers to authorise UPI mandates at the time of loan disbursal, enabling automatic EMI deductions on due dates with immediate presentment and execution. UPI Autopay has reduced the collection cycle from one day to real-time, improved EMI realisation rates, decreased failed transactions and follow-ups and enhanced customer convenience and reduced bounce handling costs.

Account Aggregator Integration: To further strengthen the risk assessment and collection capabilities, the Company successfully implemented an Account Aggregator solution, enabling more comprehensive financial insights for enhanced underwriting and collection strategies.

Traditional document-based financial analysis was time-consuming and limited in scope, which impacted underwriting quality and was prone to fraud. To overcome these challenges, Avanse adopted the RBI-regulated Account Aggregator framework for consent-based access to financial data directly from Financial Institutions. Customers provide digital consent via Account Aggregator, allowing instant access to their bank account statements and financial footprint for underwriting and continuous monitoring.

Account Aggregator has enhanced creditworthiness assessment and led to more accurate and faster underwriting. Collection strategies have been improved due to the use of real-time data, and compliance and data security have been strengthened. The enhanced monitoring of loan accounts has significantly improved the efficiency of early warning systems.

The Champions of Possibility

Customer Experience

At Avanse, we perceive the request for a loan as more than just an application – it is the dream of the applicant reflected in the form. We believe that when we respond proactively to every application, we are not just approving a loan; we are empowering the dream to grow and rise. Providing life to the dream is again not just the end, it is a means to an end, which is the possibility that the individual would have the potential to power the country's economic growth.

It gives us immense satisfaction when we hear the stories of students whose dreams we brought to life – we like to see it as our effort to power possibilities, build foundations and fuel growth.

Customer Testimonials

Student Loans that Power Ambition

K N Sirisha
Master in Management, EMLV Business School, France

I would like to sincerely thank the entire team at Avanse Financial Services for their support in sanctioning my loan. Special thanks to the sales executive for their professionalism, the sales manager for guidance, the location sales head for their leadership and the zonal credit head for the timely decision-making. I truly appreciate all of the efforts in making this process smooth and successful!

Bhattu Srinivas
MSc Hospitality Management, BPP University, the UK

I have taken an education loan from Avanse Financial Services. The entire loan process was very smooth. The team helped me with the student loan procedure and cleared all my doubts. I want to recommend this financial institution to students facing hurdles in getting an education loan from other sources. I thank Avanse Financial Services for its quality of service. Trust me, the team is incredible and dedicated to its work.

Saikalpana Gogineni

MSc Computer Science, Coventry University, the UK

Thank you to the sales representative for all the help and support throughout my loan process. He was always there to guide me and ensure the loan was approved in no time. I really appreciate how smoothly everything went, thanks to his efforts. Thank you again for all the hard work and getting things done on time!

Aakash Sharma

Post Graduate Diploma in Management (PGDM), IBMR Business School, Gurgaon

My experience with Avanse Financial Services has been extremely smooth. The loan amount was sanctioned quickly, allowing me to begin my course within the stipulated timeline. The best part was that I didn't have to visit the branch, not even to get my disbursement. Everything was managed from the comfort of my home. I thank the team for guiding me through the processes and enabling me to start my course without any trouble, even during the most challenging phase.

Educational Institution Loans that Build on Strong Foundations

Vikas Defence School

We were able to secure a loan of ₹1.50 crore from Avanse Financial Services to support our school. Our contact at the Company ensured we had access to all the information required, enabling us to make informed decisions about our finances.

Shri Ram Gopal Shanti Devi Vikas Trust

We secured a loan of ₹5 crore from Avanse Financial Services. Their representative ensured the process remained transparent. We appreciate his help and service.

Customer Experience Evaluation Platform Scores

NPS
74

Trustpilot Rating
3.9

Google Rating
4.2

The Enablers of Possibility

Each individual at Avanse is an ambassador of the Company's cultural pillars – Governance, Accountability, Inclusivity, Meritocracy, Consistent Value Creation and Happiness Quotient. Avanse believes that employees are pivotal in steering business success and unlocking new avenues for growth. Human capital stands as one of the Company's most valuable assets, essential for the smooth and efficient functioning of the organisation and for fuelling growth. Embracing this philosophy, Avanse has adopted the mantra, 'PEOPLE CENTRICITY', which serves as the cornerstone of its culture and strategic vision. It has been focused on fostering a symbiotic environment that enhances the overall learning curve of the employees, resulting in the 'Return on Intelligence' while enabling 'Return on Capital' for stakeholders. This commitment has resulted in achieving the Great Place To Work® recognition for the fourth consecutive year.

Avanse cultivates a synergistic environment where personal and professional growth go hand-in-hand. Its robust Cultural Pillar framework, 'One Team, One Experience' approach and people-first policies have powered Avanse to a leadership position in the education lending space.

During FY24–25, the organisation invested in its human capital by introducing several learning and development programmes, enabling it to reap the benefits of an expanded pool of qualified experts. The initiatives revolved around four main pillars – Maximising Learning, DE&I, Year-Round Engagement and Wellness Initiatives and Rewards and Recognitions.

Building on the Foundation of Learning

The Company's commitment to nurturing talent is exhibited through various curated programmes and initiatives, which enhance the overall learning journey of the employees.

The *Swagatam Programme* is meticulously crafted to conduct branch orientation and induction through Avanse Certified Trainers and our senior leaders. This initiative is designed to facilitate the seamless integration of new joiners into their respective functions, ensuring their early success and reducing attrition.

The *SEED (Skill Enhancement and Employee Development)* initiative empowers employees with specialised, role-based skill enhancement and capability-building programmes. These initiatives target various competencies essential for upskilling and reskilling employees, including self-management, team management and leadership development. The programme focuses on enhancing customer centricity and the overall individual and organisation goals.

Avanse's commitment to managerial development is evident through the *LEAP (Learn, Engage And Make Teams Productive)* programme. This rigorous programme equips first-time managers with vital leadership skills like communication, decision-making, conflict resolution and team building, preparing them for success in their new roles.

The *functional capabilities building programmes* for the Sales, Collections and Credit teams are designed to strengthen the expertise and enhance the employee performance. Through focused learning and hands-on development, these programmes help employees build the essential skills to excel and contribute to organisational success.

Avanse Scholar and Shiksha Programmes offer reimbursements to employees for pursuing further education. They encourage employees to enhance their knowledge and skills by pursuing relevant courses or degrees.

Diversity, Equity & Inclusion Initiatives

To reinforce the Company's continued commitment to creating a diverse and inclusive workplace with a key focus on fostering a work environment conducive to women colleagues, Avanse launched the Avanse Sheroes Campaign. This comprised a robust plan to emphasise various DE&I policies that are beneficial to women employees and to recognise their trailblazing spirit while fostering an atmosphere where all can thrive, innovate and excel. In FY25, the organisation strengthened its commitment to DE&I through comprehensive classroom and virtual training sessions. Some of the programmes include *Diversity Equity Inclusivity and Prevention of Sexual Harassment – For Leaders and Managers* and *Value to Victory – Culture Building Intervention* delivered across branches by our leaders. The Company also conducted several webinars throughout the year on financial investment and sustainability, women's health and wellness, breaking the stereotypes, women breaking the glass ceiling and sessions on unconscious bias. Additionally, emphasis was placed on creating awareness and encouraging the use of policies designed for our women employees, such as mobility to the office for expecting mothers, the safe commute policy, the menstruation leave policy and the childcare policy.

Mobility to Office Benefit for Expecting Mothers: During this phase, women need to be extra careful with their health and well-being. The Company, too, tries its best to make their journey smooth and hassle-free. Acknowledging the needs of expecting mothers, it provides mobility benefits and exclusive parking facilities, supporting them during their commutes to and from the office.

Menstruation Leave Policy: The Menstruation Leave policy grants female employees a monthly leave allowance with auto-approval, prioritising essential rest and recovery.

Flexi-Working Policy: The Flexi-Working policy enriches work-life balance by permitting remote work for defined periods, accommodating personal commitments and unforeseen circumstances. To promote fairness and encourage excellence, the Company offers a Meritocracy-driven Culture. Therefore, it follows a structured and transparent talent philosophy that focuses on identifying the right talent without any biases.

Safe Commute Policy for Women: Upholding women employees' safety and convenience, the Company offers transport reimbursements for extended working hours and enforces a Safe Commute Policy for Women, ensuring secure transportation for late shifts.

Childcare for Working Parents: Implemented to provide adequate support to the employees who are working parents to take care of their children while they are in full-time employment and their work requires them to be in the office or involves travelling. The Company bears the expenses within a monthly limit incurred towards a childcare facility like a crèche/day care through reimbursements.

The Women Mentorship and Leadership programme 'Jagriti' is dedicated to fostering a culture of inclusion, empowerment and growth. Through mentorship, skill-building and leadership opportunities, the Company aims to equip women with the confidence and tools to break barriers, lead boldly and inspire change.

Year-Round Wellness Initiatives

Employee Experience – WE CARE Framework: The employee experience framework is built on five core pillars that support the entire employee lifecycle: Wellness, Experience, Conversation, Alignment, Recognition and Entertainment. This holistic approach fosters a positive and inclusive work environment, empowering employees to thrive by providing opportunities for growth, connection and fulfilment while promoting overall well-being and job satisfaction. Some of the engagement activities conducted include Diwali Dinner with Family, Walkathon 'Go Life', Family Day, MD and CEO Branch connect session, Annual Branch Outing and year-round festival celebrations.

Employee Health and Well-being: As part of the Company's commitment to the health and well-being of the employees, it invests in customised health check-up packages for employees and their dependents. The package includes sponsored health check-ups, doctor consultations and diagnostic tests for employees.

As part of Women's Day initiatives, Avanse also launched a specially curated health package for women employees, which includes cashless teleconsultations and a preventive health check-up.

Rewards and Recognitions

Employee Recognition: The leadership team at Avanse Financial Services ensures that their team members are recognised for the exemplary contributions made towards the organisation's growth through a structured reward and recognition programme. The rewards and recognition framework and the feedback culture are consistent at Avanse, focusing on development backed by current and historical performance data of employees. The process involves nomination and rationalisation by function heads supported by data. Following this, a Jury panel consisting of 4-5 members finalises the list of awardees based on performance history, business impact, geographical challenges and more such parameters through the lens of meritocracy and equity. The senior leadership participates actively in recognising excellence at the rewards and recognition ceremonies.

Avanse's proactive approach to emerging HR trends highlights its dedication to enhancing employee experience and maintaining its leadership position in the industry. Through investments in candidate experience, individual learning journeys, innovative learning platforms and DE&I initiatives, the Company will continue to pave the way for a future-ready workforce.


GLADIATOR
AWARD
AVANSE
TOGETHER TOWARDS














Creating Endless Possibilities for Societal Progress

The Company firmly believes that its success is deeply rooted in the well-being of the communities it serves. Beyond pursuing profitable growth, Avanse is dedicated to being a responsible, socially conscious and accountable organisation. Avanse believes that as a good and responsible corporate citizen, the benefit of the entire community that the organisation is part of, is essential to sustainable growth. The development of all is what will truly fuel growth and harness the power of possibility. This commitment is clearly reflected in its mission to make education financing seamless and affordable to every deserving Indian student.

Through several initiatives, Avanse aims to bridge the educational gap, empower future generations and contribute meaningfully to nation-building. The organisation actively engages in inclusive growth by supporting students from diverse backgrounds, thereby fostering long-term societal progress. By aligning its business goals with its social purpose, Avanse strives to create a lasting impact that extends far beyond financial outcomes.

To amplify the impact, Avanse has formed strategic partnerships with prominent NGOs, including Muktangan Education Trust, MelJol, Samarthanam Trust for Disabled, Pride India, Purkal Youth Development Society, IIMAAAHCCT and Udbhav Schools and Ashoka University International Foundation for Research and Education. These collaborations allow the Company to effectively address the needs of diverse underprivileged communities.

Association details with these organisations:

Integrated School and Teacher Education Programme with Muktangan Education Trust: With the help of the partnership with Muktangan Education Trust, Avanse enabled ~1,534 beneficiaries, with ~1,000 students getting access to holistic education. With the help of this programme, we have been able to train ~524 teachers, and ~172 school home visits have been completed during FY25.

Integrated Life Skill, Education and Livelihood Programme with Meljol: As a part of this programme, ~100 adolescents were trained to make informed career/future choices, with 64 pursuing education, 20 supporting agriculture and 20 planning businesses. Additionally, ~416 children gained life skills, while families accessed schemes and women participated in the workshops, enhancing skills in making household budgets, saving, prioritising and planning. Around ~600 beneficiaries were positively impacted with the help of this initiative.

Support Higher Education of Underprivileged Youth with Samarthnam Trust for Disabled: The objective of the partnership is to enable students to enrol in colleges, assist in academics (including expenses), provide reading and scribe support for the visually impaired during examinations and extend opportunities to participate in extracurricular activities like sports, music, dance and more. Avanse supported 120 underprivileged and differently abled students in collaboration with Samarthanam Trust for the Disabled by sponsoring their college admission, tuition fees, safe accommodation, nutritious food and study materials. The initiative ensures continuous guidance, preventing dropouts and fostering independence. Key activities include collaborating with educational institutions, shortlisting and counselling students and enrolling them for support. The programme enhances their physical, social and emotional well-being while easing the financial burden on marginalised families.

Model School Programme for 10 Zilla Parishad Schools in Mahad (Raigad District) with PRIDE India: In collaboration with PRIDE India, Avanse implemented the Smart School concept to bolster learning outcomes in Zilla Parishad schools within the Mahad Block of Raigad District. Some of the objectives of this initiative are to enhance the reading skills (Marathi and English) of the students, promote digital and activity-based learning classes, School Management Committee (SMC) assessment and learning environment assessment.

The Company successfully partnered with 10 schools to implement its Reading Skill Improvement programme. This programme targeted ~850 students from first to sixth grade with varying levels of proficiency in reading. The organisation promoted digital learning in ~10 government schools, enabling them to access digital assets across all levels. The assessment of the learning environment revealed a drive of remarkable transformation in the ~10 project schools, where educational practices evolved significantly from baseline to end-line, creating an enriching and inclusive atmosphere conducive to student growth. This project benefitted ~10 Zilla Parishad schools, further positively impacting ~850 students.

Education and Holistic Care of Marginalised and Deserving students with Purkal Youth Development Society: Avanse has partnered with Purkal Youth Development Society to ensure students, especially girls, receive holistic care, including nutrition, transport, uniforms and healthcare and access to education in CBSE-affiliated schools from Classes I to XII. The impact extended to ~40 students and ~20 educators.

A total of ~63 deserving and underprivileged students – 39 girls and 24 boys – from Classes I, II and X have been sponsored. They come from five districts of Uttarakhand – Dehradun, Pauri Garhwal, Uttarkashi, Rudraprayag and Tehri Garhwal. These students received comprehensive support, including nutrition, transportation, uniforms, healthcare and access to education in CBSE-affiliated schools. The learning methodology adopted differs as per level, with theme-based learning in primary school and experiential learning in secondary school.

Ashoka University International Foundation for Research and Education: *Scholarship for Undergraduate Girl Students and Infrastructure Developmental Support*

This initiative has been developed along with Ashoka University *(Location: Sonipat, Haryana)* under the project theme 'promoting education'. This has a two-pronged approach in terms of impact:

Scholarship for Undergraduate Girl Students: Five students pursuing undergraduate programmes at Ashoka University under scholarship support:

- Two students are on a full scholarship
- Two students received a 100% tuition and residence fee waiver
- One student benefits from a 100% tuition fee waiver

Note: One of the scholarship recipients is visually impaired

Co-building Ashoka University: Contribution to Infrastructure Development – Avanse has contributed to the construction of academic buildings at the upcoming Ashoka University campus. The new campus spans 27 acres and is designed to foster scientific research and innovation. It features a dedicated Sciences Park, the prestigious Trivedi School of Biosciences and the School of Advanced Computing.

In addition to academic spaces, the campus will include residential facilities to accommodate over 3,000 students, presently benefiting 1,100 students, ensuring a thriving learning environment. With a strong commitment to sustainability, the campus integrates green technologies and environmentally responsible practices to maintain a low ecological footprint.

Enabling Underprivileged Students to Access Higher Education with Udbhav Schools:

~400 underprivileged and disabled students were sensitised and impacted under this initiative. The support included enrolment of the students in colleges and assistance for academics, including expenses. Avanse partnered with Udbhav Schools to provide reading and scribe support for the visually impaired during examinations and ensured all students had opportunities to participate in extracurricular activities like sports, music, dance and so on.

Through these impactful partnerships, Avanse empowers underserved students to access education beyond boundaries and achieve their academic dreams. In FY24–25 alone, the CSR initiatives positively impacted the lives of over ~6,000 beneficiaries, with 4,800 students through the projects mentioned above and ~1,406 individuals (students, educators and other beneficiaries) through volunteering programmes organised by the Company. Some of these initiatives include:

- Provision of digital devices, books and stationery to support education
- ~273 Avanse volunteers dedicated six hours across 12 locations to drive meaningful change
- ~112 units of blood were donated by Avanse employees across India, contributing to life-saving efforts
- ~86 kilograms of donations, including books, food items and clothing, were distributed to those in need

The Company is dedicated to expanding its reach and creating a lasting positive influence on the communities it serves.

AHMEDABAD

INDORE

BENGALURU

JAIPUR

CHENNAI

KOLKATA

DELHI

MUMBAI

HYDERABAD

PUNE

Poised to

Fuel a Million Dreams

India has the largest population in the world in the age bracket of 5–24 years with 58 crore[1] people, presenting a huge opportunity in the education sector. With parents continuing to place a high premium on education on the one hand and students aspiring for quality education at premier institutions either in India or abroad on the other, the outlook for the education finance sector appears extremely promising. India's resilient macroeconomic outlook for FY2025–26 and beyond, supportive government policies for the education sector, and the rising aspirations of India's youth to be transformative global citizens are also expected to provide an extra impetus. In addition, factors such as the National Education Policy (NEP) 2020's push to internationalise the Indian education ecosystem, increasing academic collaborations between Indian and foreign higher educational institutions, rising demand for upskilling to stay competitive in the job market and rapid growth in the test preparation market are all contributing to a bright future for the sector.

With a stellar track record of empowering students' aspirations through education financing for more than a decade, Avanse is poised to capitalise on this market opportunity. Recognising the potential of India's young demographic and the confluence of multiple factors driving growth in the education finance sector, the company has invested in efficient risk management frameworks to enhance accuracy and robust processes, as well as state-of-the-art digital capabilities to offer personalised experiences to customers. These, in combination with its collaborative approach, innovative mindset, entrepreneurial spirit, execution focus, customer-centricity and strategic orientation, make Avanse well-positioned to capture a larger market share and empower millions of aspiring young Indians in their journey to achieve their academic goals.

[1] https://www.ibef.org/industry/education-sector-india

Recognised for Powering Possibilities

Great Place to Work®
A prestigious recognition based on employee experience.

Best Organisation for Customer Experience 2024
ET Now and ET Edge

Excellence in Customer Experience Maestro – NBFC
Freshworks

Best NBFC For Education Financing
Synnex Group

Most Promising Educational Institution Financing Company of the Year
ObserveNow

Best Risk Initiative
Banking Frontiers

Leveraging Data for Growth – NBFC
ET BFSI

Best Talent, Diversity & Culture Initiative
Banking Frontiers

Best Cybersecurity Practices – NBFC
The Brainalytics

Legal Team of the Year – Financial Services
Biz Integration

Times Now Champions of CSR 2024
Times Now

Making a

World of Opportunities Attainable

Avanse Global Finance IFSC Private Limited

Avanse Global Finance IFSC Private Limited (Avanse Global) is a wholly-owned subsidiary of Avanse Financial Services Ltd. It is located at the Gujarat International Finance Tec-City (GIFT City) and is associated with International Financial Services Centres (IFSC). Avanse Global offers foreign currency (dollar) education loans to Indian students who want to study abroad. It takes care of all the education-related finance requirements, enabling students to pursue their academic dreams stress-free. Through this subsidiary, the Company reaches out to a broader spectrum of students, enabling upward mobility. It endeavours to empower students to enjoy repaying in dollars without worrying about the cost of forex conversions.

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

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

Board of Directors

Amit Gainda

Whole Time Director

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

Yogesh Rawat

Director

Yogesh is responsible for managing the operational effectiveness of the value chain, encompassing Credit, Operations, Collection, Customer Service and the Centre of Excellence. He holds a Master's degree in Business Administration from the Indian Institute of Technology, Bombay, and Washington University, St. Louis, under a joint management programme. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and a Cost Accountant (ICWA) from the Institute of Cost & Works Accountants of India. He has over 20 years of experience in banking and financial services. Prior to joining the Company, he worked with ICICI Home Finance Company Limited, HDFC Group and GE Money Financial Services Private Limited.

Vikrant Virendra Gandhi

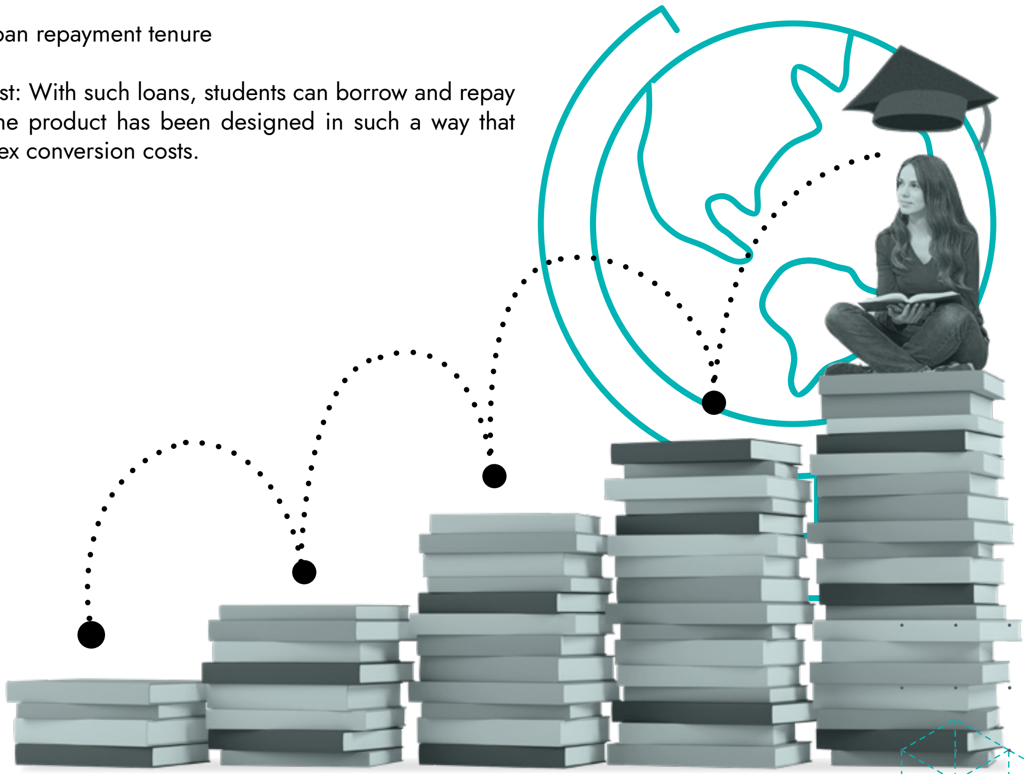
Director and Chief Financial Officer

Vikrant is responsible for managing financial accounting and reporting, treasury, financial planning and business analytics, governance framework and taxation functions of the Company. He holds a Bachelor's degree in Commerce from R. A. Podar College of Commerce and Economics, University of Bombay, a postgraduate diploma in Treasury and Forex Management from the Association of Certified Treasury Managers and has completed a General Management programme (Executive Education) from the Indian School of Business, Hyderabad. He is a qualified CA and ICWA. He has experience across the Banking and Financial Services sector. Prior to joining Avanse, he worked with ICICI Home Finance Company Limited and ICICI Bank Limited.

Funding Global Dreams

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

- Higher Loan Amount: The Company offers a loan amount up to USD 1,51,000, enabling students to be stress-free and focus on their education.
- Competitive Interest Rates: The interest rate start at ~10.5%
- Longer Tenure: 15-year loan repayment tenure
- No Forex Conversion Cost: With such loans, students can borrow and repay in the same currency. The product has been designed in such a way that students can save the forex conversion costs.



BOARD'S REPORT

BOARD'S REPORT

Dear Members,

The Board of Directors ("the Board") of Avanse Financial Services Limited ("the Company" or "your Company") have the pleasure in presenting the 33rd Annual Report and the Audited Financial Statements, both Consolidated and Standalone, of your Company ("Audited Financial Statements") for the Financial Year ended March 31, 2025 ("year under review" or "the Financial Year").

1. Financial Summary and Highlights:

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

(₹ in crore)

Particulars	Standalone		Consolidated	
	2024–25	2023–24	2024–25	2023–24
Revenue from Operations	2,345.64	1,726.17	2,347.07	1,726.96
Other Income	5.15	2.10	4.68	1.85
Total Income	2,350.79	1,728.27	2,351.75	1,728.81
Total Expenditure	1,675.90	1,268.64	1,679.61	1,269.52
Profit Before Tax	674.89	459.63	672.14	459.29
Profit After Tax	504.23	342.57	502.12	342.40
Other Comprehensive Income	(46.71)	(10.06)	(46.11)	(9.71)
Transfer to Reserve as per Section 45- IC (1) of RBI Act	100.84	68.51	100.84	68.51

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

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

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

The Company's Assets Under Management ("AUM") which stood at ₹18,985 crore as on March 31, 2025 as compared to ₹13,303 crore in the previous Financial Year. The overall portfolio of the Company grew by 43% on a y-o-y basis. The Company recorded a total income of ₹2,350.79 crore as compared to ₹1,728.27 crore in the previous Financial Year. The net interest income reported for the period was ₹796.01 crore as compared to ₹567.29 crore in the previous Financial Year.

During the year under review, the Company disbursed loans amounting to ₹6,914 crore as compared to ₹6,335 crore in the previous Financial Year and recorded a growth of 9% on y-o-y basis.

The Profit Before Tax increased by 47% from ₹459.63 crore in the previous Financial Year to ₹674.89 crore in the current Financial Year.

The Profit After Tax increased by 47% from ₹342.57 crore in the previous Financial Year to ₹504.23 crore in the current Financial Year.

The Net Worth of the Company as on March 31, 2025, stood at ₹4,082.62 crore (excluding deferred tax assets and intangible assets) as compared to ₹3,644.52 crore (excluding 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, 2025, were ₹44.51 crore equivalent to 0.26% of the total loan book of the Company. The Net Non-performing Assets (NNPA) as on March 31, 2025, stood at ₹6.82 crore resulting in NNPA of 0.04%. The Company's total ECL provision/POS as of March 31, 2025, stands at 0.98% as compared to 0.99% as of March 31, 2024.

3. Material Events during the Year

Proposed Initial Public Offering of Equity shares of the Company

As was informed in the Company's 32nd Annual Report, the Board had, at their meeting held on June 19, 2024, approved issue of equity shares of the Company up to an aggregate amount of ₹1,000 crore by way of a fresh issue of equity shares and an offer for sale of equity shares up to an aggregate of ₹2,500 crore by certain existing shareholders of the Company ("IPO"). The Shareholders had approved the same at their meeting held on June 20, 2024, and the Company had filed its Draft Red Herring Prospectus dated June 20, 2024, with SEBI.

We wish to further inform that pursuant to a letter dated July 25, 2024, the SEBI had returned the aforesaid Draft Red Herring Prospectus on grounds of non-compliance with Regulation 7(1)(a) read with Regulation 4 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations").

Thereafter, the Board and the IPO Committee of the Company, at their respective meetings held on July 30, 2024, and July 31, 2024, approved the re-filing of the Company's Draft Red Herring Prospectus with relevant updated information, ensuring compliance with the requirements under the above SEBI ICDR Regulations. Accordingly, the Company re-filed its Draft Red Herring Prospectus dated July 31, 2024, with the SEBI.

The SEBI issued its final observations vide its letter dated October 23, 2024, and subject to making necessary changes based on the aforesaid letter and compliance with the applicable laws, the Company can bring its IPO within a period of twelve months from the date of the aforesaid letter. The Company also obtained in-principle approval for its IPO from BSE Limited and the National Stock Exchange of India Limited, on which it intends to list its equity shares, and the said approvals are co-terminus with the validity period of the aforesaid SEBI observation letter. The Company also obtained the requisite approval from the RBI for change in its shareholder pattern pursuant to the Company's IPO and subsequent listing of its equity shares. The said RBI approval is valid till August 5, 2025.

As on the date of this report, your Company is awaiting conducive market conditions to complete its IPO.

4. Dividend

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

5. Transfer to Reserve

For the Financial Year ended March 31, 2025, an amount of ₹100.84 crore had been transferred to the Special Reserve pursuant to the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

6. Credit Rating

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

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

Ratings by CARE Ratings were reaffirmed for Long-Term bank facilities, Market-Linked Debentures, Non-Convertible Debentures ("NCDs") (including Subordinated Debt) at CARE AA-; Stable in July 2024. Further, CARE Ratings also reaffirmed the rating of Commercial Paper borrowings programme of the Company at CARE A1+.

CRISIL Ratings assigned fresh ratings to the Long-Term bank facilities and NCDs at CRISIL AA- (Stable) in August 2024. Further, CRISIL also assigned fresh ratings for the Commercial Paper borrowings programme of the Company at CRISIL A1+ in August 2024.

ICRA Limited reaffirmed the rating for the Commercial Paper Programme of the Company at ICRA A1+ by ICRA Limited in November 2024.

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

All the above ratings indicate a high degree of safety with regard to timely payment of interest and principal.

7. Sources of Funds

The Company's borrowing philosophy continues to remain prudent with emphasis on long-term borrowings to ensure robust asset-liability management, well-diversified funding sources and maintenance of sufficient liquidity. The Company also ensured that the liquidity buffer maintained is sufficient not only to meet its debt servicing obligations but also to provide enough cover for strong business demand. The debt profile remains long-term in nature keeping in mind the long-term nature of assets in order to maintain robust asset-liability management profile. Loans from Banks and Financial Institutions account for 51.6% of total borrowings followed by 21% in the form of NCDs, 14% in the form of External Commercial Borrowings, 12% in the form of Direct Assignment/Co-Lending Arrangement, 1% in the form of Commercial Papers and 0.4% in the form of Securitisation ("PTC").

a) Loan from Banks/Financial Institutions

During the year under review, the Company received sanctions for term loan of ₹4,410 crore from Banks/Financial Institutions, of which the Company availed term loans of ₹3,960 crore sanctioned during the year under review and ₹335 crore from limits undrawn and sanctioned during FY24. The outstanding bank loan as on March 31, 2025, was ₹8,332 crore. The Bank Loans were assigned the rating of 'CARE AA- (Stable)' by CARE Ratings Limited.

b) NCDs

During the year under review, the Company issued NCDs amounting to ₹2,149 crore on private placement basis. The NCDs are listed on the Debt segment of BSE Limited. The Company has been regular in the payment of principal/interest towards all the outstanding NCDs. As on March 31, 2025 the total outstanding NCDs are ₹3,420 crore and the total outstanding Subordinate Debt is ₹50 crore. NCDs were primarily issued to corporates and financial institutions such as Mutual Funds, Banks, Small Finance Banks etc.

c) External Commercial Borrowings ("ECB")

During the year under review, the Company had raised incremental ECB of ₹1,346 crore, out of which ₹757 crore was classified under the Social Loan category and were raised from domestic and foreign Banks. The total outstanding amount of ECB stood at ₹2,277 crore as on March 31, 2025. Apart from the incremental ECB, the Company had raised ECB from World Business Capital, Inc., a USA based financial institution(s) in the social impact category and is guaranteed by the US International Development Financial Corporation (DFC) and an ECB also classified under Social Loan category which was raised from domestic and foreign banks.

d) Commercial Papers ("CP")

During the year under review, the Company had issued CP amounting to ₹200 crore. CP amounting to ₹200 crore were listed on BSE Limited. The CP outstanding as of March 31, 2025, were ₹150 crore. The Company's CP were assigned the highest rating of "CARE A1+" by CARE Ratings Limited, "Crisil A1+" by Crisil Ratings Limited and "ICRA A1+" by ICRA Ltd.

e) Securitisation ("PTC")

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

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

The Company has assigned its pool towards DA matching with its asset maturity profile. During the year under review, the Company assigned its loan pool and received ₹866 crore as purchase consideration.

The Company has actively engaged with banks to enable it to access fund raising via the Co-lending arrangements. During the year under review, the Company had assigned its loan pool to the Co-lending partner banks and received ₹301 crore as consideration under the existing Co-Lending arrangement.

8. Share Capital

a) Authorised Share Capital

The Board and Shareholders of the Company, at their respective meeting held on April 4, 2024, and April 26, 2024, sub-divided the face value of the equity shares of the Company from ₹10 per equity share to ₹5 per equity share.

As on March 31, 2025, the Authorised Share Capital of the Company was ₹2,00,00,00,000 divided into 35,00,00,000 equity shares of ₹5 each and 2,50,00,000 preference shares of ₹10 each.

b) Issued, Subscribed and Paid-up Share Capital

As on March 31, 2025, the Company's issued, subscribed and paid-up equity share capital was ₹1,25,91,16,160 divided into 25,18,23,232 equity shares of ₹5 each.

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

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

9. Employee Stock Option Plan

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

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

As your Company is in the process of offering its equity shares to the public through its IPO along with offer for sale by certain existing shareholders and subsequent listing of the equity shares on one or more stock exchanges, the Board of Directors and the Shareholders of the Company had, at their meeting held on April 30, 2024 and June 20, 2024 respectively, amended ESOP 2019 to align the same with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended ("SEBI SBEB & SE Regulations"). The amendments are not prejudicial to any of the employees of the Company who have been granted options under ESOP 2019.

The ESOP 2024 was approved by the Board of your Company, at their meeting held on May 14, 2024, and the Shareholders of the Company at their meeting held on June 20, 2024, for the benefit of the eligible employees of the Company and its subsidiary. The ESOP 2024 is in compliance with the Act and the SEBI SBEB & SE Regulations.

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

10. Meetings of the Board

The Board of your Company meets at regular interval to discuss and decide on the Company's performance, strategies and for various other purposes. During the year under review, the Board also met, deliberated and passed several resolutions relating to the proposed IPO of the Company. The Board met 16 times during the Financial Year. The meetings of the Board were held on April 4, 2024, April 8, 2024, April 30, 2024, May 14, 2024, May 27, 2024, June 13, 2024, June 19, 2024, June 20, 2024, July 11, 2024, July 30, 2024, August 12, 2024, November 11, 2024, November 18, 2024, December 10, 2024 and January 20, 2025 (and reconvened on January 21, 2025) and March 12, 2025.

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, Board's committees' composition and attendance at the meetings of the Board and its committees are provided in the Corporate Governance Report, which forms part of this Annual Report.

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

Your Company is registered with the RBI as a Non-Deposit taking Non-Banking Finance Company ("NBFC") bearing registration no. B-13.01704. The Company is classified as a Middle Layer NBFC in terms of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 ("RBI Master Directions"), as amended from time to time.

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

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

12. Change in the Nature of Business

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

13. Public Deposits

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

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

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

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

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

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

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

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

16. Internal Financial Controls

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

During the year under review, no material or serious observations were received from the Auditors of the Company for inefficiency or inadequacy of such controls except qualification related to unavailability of direct access to one of the loan origination systems to the Auditors, the details of which are available in Note No. 42 of the Standalone Financial Statements.

17. Internal Audit

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

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

18. Auditors

a) Auditors, Their Reports and Notes to Financial Statements

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, as amended from time to time, M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), have been appointed as the Auditors of the Company for a term of three consecutive years from the conclusion of the 31st Annual General Meeting held in 2024 until the conclusion of the 34th Annual General Meeting of the Company to be held in 2027.

The Auditors have made a qualification in their report on the internal financial controls. During the year, the Company replaced its third-party loan origination system ("LOS") with an in-house developed LOS. Due to this transition, the erstwhile LOS and its database were decommissioned, and data access for IT control testing was unavailable to the Auditors through the LOS. However, core data from the erstwhile LOS was retained in the Company's data warehouse, and detailed substantive testing was performed by the Auditors on a sample basis and no gaps in internal controls were found. Accordingly, the Auditors have mentioned that the above remark does not affect their opinion on the financial statements of the Company.

Apart from the above, the Auditors' report does not contain any qualifications, reservations, adverse remarks or disclaimer.

Your Board reassures that your Company has in place robust and effective internal controls in place throughout the year under review.

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

b) Secretarial Auditors and Their Report and Secretarial Compliance Report

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

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

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

19. Annual Return

Pursuant to Section 92(3) and Section 134(3)(a) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Annual Return of the Company as at March 31, 2025 in the prescribed Form MGT 7 is available on the Company's website at https://www.avanse.com/investors.

20. Conservation of Energy and Technology Absorption

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

21. Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings during the year under review. The foreign exchange outgo during the Financial Year was ₹153.71 crore; of which ₹15.56 crore and ₹132 crore was on account of payment of principal and interest/other financing costs on ECB borrowings respectively and the balance ₹6.16 crore being outgo towards operating expenses incurred by the Company during the year under review.

22. Directors and Key Managerial Personnel ("KMPs")

(i) Composition of the Board

The composition of the Board of your Company continues to be in accordance with Section 149 of the Act and Regulation 62D of the SEBI Listing Regulations with an appropriate combination of Executive, Non-Executive and Independent directors. As on March 31, 2025, the Board of your Company comprised of ten directors, consisting of five Independent directors (including two women directors), four Non-Executive directors and one Managing Director and CEO. The directors, individually and collectively, bring in a wide range of skills and experience to the Board.

The Board of Directors of the Company as on March 31, 2025, comprises:

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

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

(a) Re-appointment of Managing Director and CEO

The tenure of Mr. Amit Gainda as the Managing Director and CEO was due to expire on July 29, 2024. The Board, based on the recommendation received from the Nomination, Remuneration and Compensation Committee, approved and recommended to the Shareholders, at their meeting held on April 4, 2024, the re-appointment of Mr. Amit Gainda as the Managing Director and CEO for a consecutive period of five years with effect from July 30, 2024. Accordingly, the Company had intimated the same to RBI and the RBI had taken it on its record vide their communication dated May 6, 2024 and subsequently, the Shareholders of the Company approved the re-appointment of Mr. Amit Gainda as the Managing Director and CEO, for a term of five consecutive years, with effect from July 30, 2024, at their Meeting held on June 20, 2024.

(b) Appointment of Non-Executive Directors

During the year under review, the Board, based on the recommendation of the Nomination, Remuneration and Compensation Committee and pursuant to the Articles of Association of the Company, appointed Mr. Hemant Mundra (DIN: 08192978), Mr. Sunish Sharma (DIN: 00274432) and Mr. Luca Molinari (DIN: 10615114) as additional directors (each designated as Non-Executive director) vide their resolution passed through circulation on April 21, 2024. The RBI approved the aforesaid appointment of directors vide its letter dated July 1, 2024. The Shareholders, at their 31st Annual General Meeting held on July 12, 2024, approved the appointment of above directors w.e.f. July 1, 2024. All the aforesaid three directors are liable to retire by rotation.

(c) Appointment of Independent Director

During the year under review, the Board has, based on the recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mr. Rakesh Bhatt (DIN: 02531541) as Additional Director (categorised as an Independent Director) vide their resolution passed through circulation on March 8, 2025, to hold office till the expiry of three months from the date of appointment, or the date of the next general meeting of the Company, whichever is earlier.

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

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

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

(e) Retirement by Rotation

Pursuant to Section 152 of the Act read, with the Articles of Association of the Company, the Board has recommended to the Shareholders, re-appointment of Mr. Hemant Mundra (DIN: 08192978) and Mr. Sunish Sharma (DIN: 00274432), Non-Executive Directors, who being eligible to retire, offer themselves for re-appointment at the ensuing annual general meeting ("AGM") of the Company. Detailed profile of Mr. Mundra and Mr. Sharma are provided in the notice convening the ensuing AGM.

(iii) Declaration by Independent Directors

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

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

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

(iv) Fit and Proper Criteria

All the directors of your Company have confirmed that they satisfy the fit and proper criteria as prescribed under the RBI 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.

(v) Key Managerial Personnel

There have been no changes in the key managerial personnel of the Company during the year under review and Mr. Amit Gainda, Managing Director and CEO, Mr. Vikrant Gandhi, Chief Financial Officer and Mr. Rajesh Gandhi, Company Secretary continue to be the key managerial personnel of the Company in terms of Section 2(51) and Section 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

(a) Annual Performance Evaluation of the Board

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

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

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

Basis the above, the performance of the Board, its Committees and individual directors was evaluated by the Board. The Board of the Company is satisfied with the functioning of the Board and its committees, contribution of the Directors in their individual capacities. The Board has full faith in the Chairperson for leading the Board.

(b) Familiarisation of the Independent Directors

Your Company conducts a routine familiarisation programme for its Independent directors through various modes and channels as per the Board approved Familiarisation Programme for its Independent directors. A copy of the said programme, along with the details of such programme imparted, is available on the website of the Company at https://www.avanse.com/investors.

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

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

25. Policies and Code

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

(a) Internal Guidelines of Corporate Governance

In terms of the RBI Master Directions, your Company had put in place a Board approved Internal Guidelines of Corporate Governance and the same can be accessed from the website of the Company at https://www.avanse.com/investors.

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

Pursuant to the provisions of Regulation 62D (10) of the SEBI Listing Regulations, the Company has adopted a Code of Conduct for the Board of Directors and the SMPs of the Company. The Code provides guidance to the Board and SMPs on the matters relating to professional conduct, ethics and governance. The Code can be accessed from the website of the Company at https://www.avanse.com/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. The Whistle Blower Policy is available on the 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 reporting 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 IV". 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 and Redressal) Act, 2013. The Company has also complied with the provisions relating to the constitution of an Internal Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. There were no open complaints at the beginning of the year under review. During the year under review, the Company received three complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All the complaints were resolved and there were no open complaints at the end of the year under review.

26. Corporate Social Responsibility ("CSR")

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

The Chief Financial Officer has certified that the funds disbursed were utilised for the purpose and in the manner approved by the Board for the Financial Year 2024-25.

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

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

28. Contracts or Arrangements with Related Parties

During the year under review, all transactions entered into by the Company with related parties ("Related Party Transactions" or "RPTs") were in the ordinary course of business and on arm's length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and the SEBI Listing Regulations. Hence, disclosure in Form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of the Companies (Accounts of Companies) Rules, 2014, is not applicable. Since there were no material transactions entered into with related parties during the period under review, there was no question of any potential or real conflict with the interest of the Company.

Prior approval of the Audit Committee is obtained for all RPTs including omnibus approval for transactions which are repetitive in nature.

All the RPTs entered into by the Company were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Act, the SEBI Listing Regulations and the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions of the Company. A copy of the said policy is available on the Company's website at https://www.avanse.com/investors. A statement on RPTs, specifying the details of such transactions, is placed before the Audit Committee on a quarterly basis. Further, the details of RPTs during the year under review are also given in the notes to the Financial Statements, which forms part of this Annual Report.

29. Corporate Governance Report

Report on Corporate Governance of the Company as stipulated under the SEBI Listing Regulations and the RBI Master Directions forms an integral part of this report and annexed as "Annexure VI". The requisite certificate from a firm of Practicing Company Secretary on compliances with the requirements of Corporate Governance, as stipulated under the SEBI Listing Regulations, also forms part of this Annual Report.

30. Management Discussion and Analysis

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

31. Directors' Responsibility Statement

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

a) in the preparation of the annual accounts for the year ended March 31, 2025, the applicable Accounting Standards were followed and there were no material departures from the same;

b) the directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2025, and of the profit of the Company for that period;

c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts of the Company have been prepared on a "going concern basis";

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

32. Compliance with Secretarial Standards issued by the Institute of Company Secretaries of India

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

33. Code for Prohibition of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has a Board approved policy for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information. The said policy is available on the website of the Company at https://www.avanse.com/investors.

34. Other Disclosures

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

(i) there was no issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under ESOP Schemes referred to in this report;

(ii) there was no scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;

(iii) there was no public issue, bonus issue or rights issue of any securities by the Company;

(iv) there was no issue of shares with differential rights;

(v) there was no transfer of unpaid or unclaimed amount to Investor Education and Protection Fund;

(vi) no significant or material orders were passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in the future;

(vii) there were no proceedings for the Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016 against the Company;

(viii) there was no failure to implement any Corporate Action;

(ix) there was no instance of one-time settlement with any Bank or Financial Institution.

35. Acknowledgements

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

For and on behalf of the Board of Directors

Neeraj Swaroop
Chairperson and Independent Director
DIN: 00061170

Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director and Chief Executive Officer
DIN: 09494847

Place : Mumbai
Date : April 30, 2025

ANNEXURE I

DETAILS OF EMPLOYEES' STOCK OPTION SCHEME PURSUANT TO THE PROVISIONS OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 AS ON MARCH 31, 2025

Sr. No.	Particulars	ESOP Scheme 2019	ESOP Scheme 2024
I.	Options Granted	1,19,87,106	29,66,950
II.	Options Vested	43,15,031	-
III.	Options Exercised	9,46,466	-
IV.	Total Number of Shares Arising as a result of Exercise of Option	43,15,031	-
V.	Options Lapsed	25,75,964	-
VI.	Exercise Price	₹347.75	₹347.75
VII.	Variation of Terms of Option	-	-
VIII.	Money Realised by Exercise of Option	-	-
IX.	Total Number of Options in Force (Excluding Exercise Options)	84,64,676	29,66,950

X. Employee wise details of options granted during the financial year ended March 31, 2025

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

Name of KMP	Number of Options Granted during the Year
Amit Gainda	14,00,000
Vikrant Virendra Gandhi	1,80,000

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

N.A.

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
Nil	Nil

ANNEXURE II

FORM AOC – 1

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

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

Part A: Subsidiaries

(₹ in crore except Exchange Rate)

Name of the Subsidiary Company	Avanse Global Finance IFSC Private Limited
The date since when subsidiary was acquired/incorporated	January 11, 2023
Reporting Currency	INR
Exchange Rate as on the last date of the relevant Financial Year	₹85.5814/USD
Share Capital (Equity)	26.74
Reserves and Surplus	(1.34)
Total Assets	7.62
Total Liabilities	2.23
Investments	Nil
Turnover (Total Income)	1.43
Profit/(Loss) Before Taxation	(2.71)
Provision for Taxation	(0.68)
Profit/(Loss) After Taxation	(2.03)
Proposed Dividend	Nil
Extent of Shareholding (in %)	100%

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

Part B: Associates and Joint Ventures

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

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

Neeraj Swaroop
Chairperson and Independent Director

DIN: 00061170

Amit Gainda
Managing Director and CEO

DIN: 09494847

Vikrant Gandhi
Chief Financial Officer

Rajesh Gandhi
Company Secretary

ANNEXURE III

SECRETARIAL AUDIT REPORT

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
for the financial year ended March 31, 2025

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Avanse Financial Services Limited
4th Floor, E-Wing, Times Square, Andheri-Kurla Road
Gamdevi, Marol, Andheri East, Marol Naka
Mumbai – 400 059, Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Avanse Financial Services Limited (hereinafter called 'the Company'). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Auditor's Responsibility

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2025 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 according to the provisions of:
(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
(iv) 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;
(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time;

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to the company during the Audit Period)
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not Applicable to the company during the Audit Period)
(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not Applicable to the Company during the Audit Period) and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. (Not Applicable to the Company during the Audit Period)

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India and amendments made thereunder.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder ('Listing Regulations').

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

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

We further report that

The Board of Directors of the Company is duly constituted with a 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 and Listing Regulations.

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 (except in few cases where meetings were convened at a shorter notice for which necessary approvals were obtained as per applicable provisions), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be and no dissenting view has been recorded.

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

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

1. Sub-divided its 17,50,00,000 equity shares of face value of ₹10/- into 35,00,00,000 equity shares of face value of ₹5/- each by a special resolution passed by its members in an Extra-ordinary General Meeting held on April 26, 2024. Consequently, its capital clause V of the Memorandum of Association of the Company is altered.

2. In the Extra-ordinary General Meeting held on June 20, 2024 the following Special Resolutions were passed for:

   - Adoption of the Employee Stock Option Scheme viz., 'Employee Stock Option Plan 2024' for its employees and for the employees of its Subsidiary Company(ies).
   - Amendment in its 'Employee Stock Option Plan 2019' to align it with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
   - Approval of issuance of equity shares aggregating to ₹10,000 million by way of a fresh issue of equity shares and an offer for sale of equity shares for an amount up to ₹25,000 million by certain existing shareholders. Accordingly, the Company has filed a Draft Red Herring Prospectus with the Securities and Exchange Board of India on July 31, 2024.
   - Alteration of Articles of Association, in total exclusion and substitution of the existing Articles of Association of the Company;
   - Increase in the aggregate investment limit by NRI and OCI from 10% to 24% of paid-up equity share capital on fully diluted basis.

3. Redeemed commercial papers amounting to ₹50,00,000.

4. Approved the issuance of Non-Convertible Debentures up to an agreement amount of ₹5,000 crore during a period of one year from the date of the Annual General Meeting (AGM), through a special resolution passed by members at the AGM held on July 12, 2024.

5. Altered its articles of association for revision in two of its exiting clauses namely Para 2 and 3 of Recitals of Part A and B respectively and by addition of four new Sections i.e 2.01 (b) (iv) and (v) and 5.01 (h) and (j), through a special resolution passed by members in an Extra ordinary General Meeting held on July 22, 2024.

6. Altered its Articles of Association by deletion of clause No. 133 and 134, through a special resolution passed by members in an Extra-ordinary General Meeting held on August 22, 2024.

7. Redeemed partially two series of 24,991 and in full six series of 36,000 fully paid up Secured, Rated, Listed, Redeemable, Non-Convertible Debentures ("NCDs") aggregating to ₹15,99,91,00,000 during the year.

8. Allotted eight series of 1,95,000 fully paid up Secured, Rated, Listed, Redeemable, Non-Convertible Debentures ("NCDs") aggregating to ₹19,50,00,00,000 through private placement during the year.

For MMJB & Associates LLP
Company Secretaries
ICSI UIN: L2020MH006700
Peer Review Cert. No.: 2826/2022

Saurabh Agarwal
Designated Partner

FCS: 9290
CP: 20907
UDIN: F009290G000243612

Date: April 30, 2025
Place: Mumbai

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

Annexure A

To,
The Members,
Avanse Financial Services Limited
4th Floor, E-Wing, Times Square, Andheri-Kurla Road
Gamdevi, Marol, Andheri East, Marol Naka
Mumbai – 400 059, Maharashtra

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

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

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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

6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MMJB & Associates LLP
Company Secretaries
ICSI UIN: L2020MH006700
Peer Review Cert. No.: 2826/2022

Saurabh Agarwal
Designated Partner

FCS: 9290
CP: 20907
UDIN: F009290G000243612

Date: April 30, 2025
Place: Mumbai

ANNEXURE IV

NOMINATION, REMUNERATION, SUCCESSION AND EVALUATION POLICY

1. Title

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

2. Objective And Purpose

In line with the statutory requirement in Section 178 (3) of the Companies Act, 2013 (Companies Act) and the rules made thereunder, each as amended and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (SEBI Listing Regulations and the regulatory frame work for Non-Banking Financial Companies (NBFC) issued by Reserve Bank of India (RBI), the Company has constituted a Committee named as Nomination, Remuneration and Compensation Committee ("Committee"). Further, the following policy has been prepared as per the requirement of the said provisions. The objective and purpose of the policy is:

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

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

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

3. Definitions

i.) Board or Board of Directors – means the Board of Directors of the Company.

ii.) Company shall mean Avanse Financial Services Limited.

iii.) Committee – means the Nomination, Remuneration and Compensation Committee of the Company.

iv.) Fit and Proper – means the fit and proper criteria as prescribed by the Reserve Bank of India from time to time.

v.) Key Managerial Personnel as defined in the Companies Act, 2013, as amended from time to time.

vi.) Senior Management Personnel shall mean personnel of the Company who are Members of its core management team excluding Board of Directors and Chief Executive Officer (CEO) including all functional heads.

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

4. Policy

A) Appointment/Nomination Criteria

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

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

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

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

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

v) Within the permissible limit prescribed under the Companies Act and/or any other applicable laws, for the time being in force, no Independent Director of the Company shall be on the Board of Directors of other NBFCs (i.e. NBFC – Middle Layer and/or NBFC – Upper Layer) in excess of what has been permitted under the applicable provisions of the Master Direction – RBI (NBFC – Scale Based Regulation) Directions, 2023 or such other direction or guidelines, for the time being in force, issued by the Reserve Bank of India and/or any other regulatory authority or body, from time to time.

B) Evaluation

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

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

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

C) Removal

In case of any disqualification mentioned in the Companies Act rules made thereunder 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 the ownership of the Company and to ensure the retention of potential talent for the future growth and diversity of the Company. Any Director holding directly or indirectly more than 10% of the outstanding equity shares of the Company and Independent Director shall not be entitled to any stock options.

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

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

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

iii.) The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the Executive Director based on Company's and individual's performance as against the pre-agreed objectives for the year.

iv.) The Executive Directors, except for a Promoter Director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.

v.) In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Director shall be further subject to the relevant provisions of the Companies Act.

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

b) Non-Executive Director/Independent Director

i) The Commission may be paid to the Non-Executive Director/Independent Director at a rate not exceeding 1% per annum of the profits of the Company as per the provisions of the Articles of Association, Section 198 of the Companies Act, rules made thereunder and other applicable laws, if any. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.

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

c) KMP and Senior Management Personnel

i.) The remuneration to the KMP and Senior Management Personnel of the Company shall be in line with the Company's philosophy to provide fair compensation to key – executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long term commitment to the Company, and develop a sense of pride and 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 the 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 a competitive environment and HR Policy of the Company.

E) Succession Plan For The Board

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

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

a. Review and analyse, on a continuous basis, the composition of the Board;

b. Consider the need to appoint new Director(s) on the Board, which may arise owing to resignation/vacation of office by any Board Member or due to any change in regulatory framework/requirement or to meet the need to navigate the Company and its Management on its growth trajectory;

c. In case any Director is due for retirement in the next six months, the Committee may review the possibility of re-appointment of such Director, subject to applicable laws and the meeting of the fit and proper criteria by such Director, on basis of evaluation of performance of such Director and on the basis of fit and proper criteria and the Director's willingness to be re-appointed;

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

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

(i) Once the need to appoint Director(s) is assessed, the Committee shall, as soon as reasonably practicable, recommend to the Board, sufficient number of candidates for appointment.

(ii) The Committee shall review the profiles of the prospective candidates for appointment as Director on the Board taking into consideration knowledge, experience, financial literacy/expertise, global market awareness, gender diversity and other relevant factors as may be considered appropriate. The Committee shall be guided by the Board Diversity Policy in this regard.

(iii) The Committee shall also assess the Fit and Proper criteria of the prospective candidates as required under the RBI guidelines.

(iv) If a Director's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as early as possible to implement the process described herein above.

(v) The Committee shall recommend to the Board the suitable candidate for appointment as Director(s) including recommendation as to the tenure, remuneration/compensation (in case of a Non-Independent Director) of such candidate.

5. Amendments

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

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

ANNEXURE V

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2024-25

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

   The Policy outlines, amongst other things, the Company's philosophy, objectives and mechanism for undertaking CSR initiatives for the welfare and sustainable development of the community at large, while continuing to follow the Company's vision to make quality education accessible for deserving underserved Indian students through the Company's CSR initiative. For details of the CSR Policy and the Company's Annual CSR Plans and Projects, 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, Independent Director	Chairperson	2	2
2	Mr. Ravi Venkatraman, Independent Director	Member	2	2
3	Mr. Narendra Ostawal*, Non-Executive Director	Member	2 (one such meeting was held during his tenure)	-
4	Mr. Hemant Mundra**, Non-Executive Director	Member	2 (one such meeting was held during his tenure)	1

*Mr. Narendra Ostawal ceased to be a Member of the Committee w.e.f. August 12, 2024.

**Mr. Hemant Mundra was appointed as a Member of the Committee w.e.f. August 12, 2024.

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

   https://www.avanse.com/investors

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

   Not Applicable

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

   ₹2,53,55,16,244

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

   ₹5,07,10,325

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

   Nil

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

   Nil

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

   ₹5,07,10,325

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

   ₹5,06,92,869

   (b) Amount spent in Administrative Overheads:

   ₹43,131

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

   Not Applicable

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

   ₹5,07,36,000

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

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
₹5,07,36,000	Nil	N.A.	N.A.	Nil	N.A.

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

Sl. No.	Particulars	Amount (₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	5,07,10,325
(ii)	Total amount spent for the Financial Year	5,07,36,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	25,675
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil***

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

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

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance amount in Unspent CSR account under sub-section (6) of section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY2023-24	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	FY2022-23	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	FY2021-22	8,40,000	Nil	8,40,000	Nil	Nil	Nil	Nil

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)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration no., if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of Section 135.
   Not Applicable

Amit Gainda
Managing Director and Chief Executive Officer

DIN: 09494847
Place : Mumbai
Date : April 30, 2025

Savita Mahajan
Independent Director and Chairperson of the CSR Committee

DIN: 06492679
Place : Mumbai
Date : April 30, 2025

ANNEXURE VI

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, 2025, the Board comprised of 10 (ten) directors consisting of 5 (five) Independent Directors [including 2 (two) Independent Woman Directors], 4 (four) Non-Executive Directors nominated by the shareholders and 1 (one) Managing Director and CEO.

The details of appointment of new directors including one Independent Director, re-appointment of the Managing Director and CEO and recommendation for re-appointment of directors retiring by rotation are provided in the Board's Report.

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

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

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

(i) hold Directorship in more than 10 (ten) public companies;

(ii) hold Directorship in more than 7 (seven) listed entities;

(iii) serve as an Independent Director in more than 7 (seven) listed entities;

(iv) is a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees (i.e. Audit Committee and Stakeholders Relationship Committee) across all the public companies in which he/she is a Director.

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

During the year under review, the Board met 16 times. The meetings of the Board were held on April 4, 2024, April 8, 2024, April 30, 2024, May 14, 2024, May 27, 2024, June 13, 2024, June 19, 2024, June 20, 2024, July 11, 2024, July 30, 2024, August 12, 2024, November 11, 2024, November 18, 2024, December 10, 2024 and January 20, 2025 (and reconvened on January 21, 2025) and March 12, 2025.

The details of each member of the Board as on March 31, 2025, attendance of each such Director at the Board Meetings and at the last AGM, along with the number of Directorship/Committee Membership are as given below:

Sr. No.	Name of Director, DIN, Designation, Category and Date of Appointment	No. of Other Directorship	Outside Committee Positions Held[1]		Names of other listed entities where Director holds Directorship and category[2]	No. of Board meeting of the Company attended during the year	Whether attended last AGM of the Company?
			Member (including as Chairperson)	Chairperson			
1	Mr. Neeraj Swaroop (DIN: 00061170) Chairperson Non-Executive Independent Director 30/07/2019	3	2	–	i. Nominee Director at Spandana Sphoorty Financial Limited ii. Independent Director at SBFC Finance Limited	16	No
2	Ms. Vijayalakshmi Iyer (DIN: 05242960) Non-Executive Independent Director 30/07/2019	10	8	4	Independent Director at i. Aditya Birla Capital Limited ii. Computer Age Management Services Limited iii. CG Power and Industrial Solutions Limited iv. Glenmark Pharmaceuticals Limited v. Capital Infra Trust through its IM Gawar Investment Manager Private Limited	14	No
3	Ms. Savita Mahajan (DIN: 06492679) Non-Executive Independent Director 01/12/2018	3	1	1	Independent Director at i. India Shelter Finance Corporation Limited	16	No
4	Mr. Ravi Venkatraman (DIN: 00307328) Non-Executive Independent Director 05/07/2021	7	8	2	Independent Director at i. ESAF Small Finance Bank Limited ii. SBFC Finance Limited	16	No
5	Mr. Rakesh Bhatt (DIN: 02531541) Non-Executive Independent Director (Additional Director) 08/03/2025	4	-	-	-	1	NA
6	Mr. Narendra Ostawal (DIN: 06530414) Non-Executive Non-Independent Director 30/07/2019	6	1	-	Nominee Director at i. Fusion Micro Finance Limited ii. Home First Finance Company India Limited	13	Yes
7	Mr. Hemant Mundra (DIN: 08192978) Non-Executive Non-Independent Director 01/07/2024	5	–	-	-	7	NA
8	Mr. Sunish Sharma (DIN: 00274432) Non-Executive Non-Independent Director 01/07/2024	3	-	-	Nominee Director at i. Vedant Fashions Limited ii. Spandana Sphoorty Financial Limited	7	Not eligible
9	Mr. Luca Molinari (DIN: 10615114) Non-Executive Non-Independent Director 01/07/2024	-	-	-	-	5	Not eligible
10	Mr. Amit Gainda (DIN: 09494847) Executive Director Managing Director and CEO 02/03/2022	1	1	1	-	13	Yes

[1]Chairmanship/Membership of Audit Committee and Stakeholders Relationship Committee in all Indian public companies excluding High Value Debt Listed Entities.

[2] Only equity listed entities are considered.

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

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 those skills is placed on the Company's website at https://www.avanse.com/investors.

Familiarisation Programme

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

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

3. Senior Management (including KMP)

Details of the Senior Management of the Company as on March 31, 2025 are as under. There has been no change in the Senior Management during the year under review and since the close of the year under review.

Name	Designation
Mr. Amit Gainda	Managing Director and CEO
Mr. Vikrant Gandhi	Chief Financial Officer
Mr. Rajesh Kachave	Chief Business Officer – Student Lending International
Mr. Vivek Baranwal	Chief Business Officer – Education Loans – Domestic
Mr. Amit Yadav	Chief Strategy Officer and Head Special Projects – Strategy Office
Mr. Samir Mohanty	Chief Technology and Digital Transformation Officer
Mr. Ganesh Iyer	Chief Audit Officer
Mr. Sorabh Malhotra	Chief Risk Officer
Mr. Yogesh Rawat	Chief Operating Officer
Mr. Rajiv Kumar	Chief Compliance Officer
Mr. Achal Goel	Chief People Officer
Mr. Rajesh Gandhi	Company Secretary

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

Committees of the Board

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

The Committees of the Board are elaborated hereunder:

a) Audit Committee

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

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

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

During the year under review, the Committee met 9 (nine) times i.e. on April 30, 2024, May 27, 2024, July 11, 2024, July 30, 2024, August 12, 2024, October 22, 2024, November 11, 2024, November 18, 2024 and January 20 and 21, 2025.

The composition of the Audit Committee as on March 31, 2025 and the details of attendance of each Committee Member at the aforesaid meetings is as follows:

Sr. No.	Name of Member[3]	No. of Meetings	
		Held during the Tenure	Attended
1	Mr. Ravi Venkatraman, Independent Director and Chairperson	9	9
2	Ms. Vijayalakshmi Iyer, Independent Director and Member	9	9
3	Mrs. Savita Mahajan, Independent Director and Member	9	9
4	Mr. Narendra Ostawal, Non-Executive Director and Member	9	6
5	Mr. Sunish Sharma, Non-Executive Director and Member[4]	4	4

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

[4] Mr. Sunish Sharma was appointed as a Member of the Audit Committee w.e.f. August 12, 2024.

The Chairperson of the Audit Committee could not attend the previous Annual General Meeting of the Company held on July 12, 2024 ("AGM 2024"). However, he had authorised Mr. Narendra Ostawal, member of the Committee, to attend the AGM 2024 and represent the Committee thereat.

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

During the year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. There were no material discrepancy or weakness in the internal control system of your Company except a qualification/remark made by the Auditors in their report on the internal financial control, related to unavailability of direct access to one of the loan origination systems to the Auditors, the details of which are available in Note No. 42 of the Standalone Financial Statements.

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

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

During the year under review, the Committee met 6 (six) times i.e. on April 30, 2024, May 14, 2024, July 19, 2024, October 22, 2024, December 10, 2024 and January 21, 2025.

The composition of the NRC Committee as on March 31, 2025, and the details of attendance of each Committee Member at the above said meetings is as follows:

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

The Chairperson of the NRC could not attend the AGM 2024. However, she had authorised Mr. Narendra Ostawal, member of the Committee, to attend the AGM 2024 and represent the Committee thereat.

Performance Evaluation Criteria for Independent Directors

The Board had carried out an annual evaluation of its own performance, Committees of the Board and individual Directors for the Financial Year 2024-25. Manner of annual evaluation has been provided in the Board's report.

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

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

c) Stakeholders' Relationship Committee ("SRC")

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

During the year under review, the Committee met on October 22, 2024.

The composition of the SRC as on March 31, 2025 and the details of attendance of each Committee Member at the above said meeting are as follows:

Sr. No.	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Mr. Neeraj Swaroop, Independent Director and Chairperson	1	1
2	Ms. Savita Mahajan, Independent Director and Member	1	1
3	Mr. Narendra Ostawal, Non-Executive Director and Member[5]	0	0
4	Mr. Hemant Mundra, Non-Executive Director and Member[6]	1	1

[5] Mr. Narendra Ostawal ceased to be a Member of the Committee w.e.f. August 12, 2024.

[6] Mr. Hemant Mundra was appointed as a Member of the Committee w.e.f. August 12, 2024.

The Chairperson of the SRC could not attend AGM 2024. However, he had authorised Mr. Narendra Ostawal, member of the Committee, to attend the AGM 2024 and represent the Committee thereat.

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

Details of Shareholders' and Debenture Holders' Complaints

During the Financial Year 2024-25, no complaints were received from any of the shareholders or debenture holders.

Complaints Pending as on April 01, 2024	Complaints Received during the Period from April 01, 2024, to March 31, 2025	Complaints Disposed Off during the Period from April 01, 2024, to March 31, 2025	Complaints Pending as on March 31, 2025
Nil	Nil	Nil	Nil

d) Risk Management Committee ("RMC")

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

During the year under review, the Committee met 4 (four) times i.e. on April 30, 2024, July 29, 2024, October 22, 2024 and January 21, 2025.

The composition of the RMC as on March 31, 2025 and the details of attendance of each Committee Member at the above said meetings are as follows:

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

[7] Mr. Rakesh Bhatt, Additional Director (categorised as an Independent Director of the Company) was appointed as the Member w.e.f. April 23, 2025.

[8] Appointed as member of RMC w.e.f. August 12, 2024.

e) Corporate Social Responsibility (CSR) Committee

This Committee is constituted in compliance with the provisions of Section 135 of the Act and rules made thereunder. 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.

During the year under review, the Committee met 2 (two) times i.e. on April 30, 2024 and October 22, 2024.

The composition of the CSR Committee as on March 31, 2025 and the details of attendance of each Committee Member at the aforesaid meetings are as follows:

Sr. No.	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Ms. Savita Mahajan, Independent Director and Chairperson	2	2
2	Mr. Ravi Venkatraman, Independent Director and Member	2	2
3	Mr. Narendra Ostawal, Non-Executive Director and Member[9]	1	-
4	Mr. Hemant Mundra, Non-Executive Director and Member[9]	1	1

[9] Mr. Narendra Ostawal ceased to be a Member of the Committee w.e.f. August 12, 2024, and Mr. Hemant Mundra was appointed as a Member of the Committee w.e.f. August 12, 2024.

f) IT Strategy Committee ("ITSC")

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

During the year under review, the Committee met 4 (four) times i.e. on April 30, 2024, July 29, 2024, October 22, 2024 and January 20, 2025.

The composition of the ITSC as on March 31, 2025 and the details of attendance of each Committee Member at the above said meetings are as follows:

Sr. No.	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Mr. Neeraj Swaroop, Independent Director and Chairperson[10]	4	4
2	Ms. Savita Mahajan, Independent Director and Member	4	4
3	Mr. Narendra Ostawal, Non-Executive Director and Member[11]	2	2
4	Mr. Hemant Mundra, Non-Executive Director and Member[11]	2	2
5	Mr. Amit Gainda, Managing Director and CEO and Member	4	4
6	Mr. Vikrant Gandhi, Chief Financial Officer and Member	4	4
7	Mr. Samir Mohanty, Chief Technology and Digital Transformation Officer and Member	4	4
8	Mr. Amit Yadav, Chief Strategy Officer and Member	4	4
9	Mr. Sorabh Malhotra, Chief Risk Officer and Member	4	4
10	Mr. Yogesh Rawat, Chief Operating Officer and Member	4	4

[10] Mr. Neeraj Swaroop ceased to be a Member and Chairperson of ITSC w.e.f. April 23, 2025, and Mr. Rakesh Bhatt has been appointed as a Member and Chairperson of ITSC w.e.f. April 23, 2025.
[11] Mr. Narendra Ostawal ceased to a Member of ITSC w.e.f. August 12, 2024, and Mr. Hemant Mundra has been appointed as a Member of ITSC w.e.f. August 12, 2024.

g) Initial Public Offering ("IPO") Committee

The Board at its Meeting held on March 13, 2024, had constituted an IPO Committee to oversee the IPO process of the Company.

During the year under review, the Committee met 4 (four) times i.e. on May 14, 2024, July 31, 2024, October 5, 2024 and November 11, 2024.

Sr. No.	Name of Member	No. of Meetings	
		Held during the Tenure	Attended
1	Mr. Neeraj Swaroop, Independent Director and Chairperson	4	3
2	Ms. Ravi Venkatraman, Independent Director and Member[12]	2	2
3	Mr. Narendra Ostawal, Non-Executive Director and Member	4	2
4	Mr. Hemant Mundra, Non-Executive Director and Member[12]	2	2
5	Mr. Sunish Sharma, Non-Executive Director and Member[12]	2	1
6	Mr. Amit Gainda, Managing Director and CEO and Member	4	3

[12]Appointed as Member of IPO Committee w.e.f. August 12, 2024.

h) Review Committee

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

During the year under review, no meeting of the Review Committee was held. The composition of the Review Committee as on March 31, 2025 is as follows:

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

5. Remuneration to Directors

The Company has not entered into any pecuniary transactions with its Non-Executive, Non-Independent Director.

All Non-Executive Independent Directors are paid sitting fees and commission. During the year under review, the Company paid a sitting fee of ₹50,000/- for each meeting of the Board and ₹40,000/- for each meeting of the committees of the Board. The Company also paid a commission of ₹10,00,000/- p.a. to all the Independent Directors and an additional commission of ₹10,00,000/- to the Chairperson of the Board.

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 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 Mr. Amit Gainda for the year ended March 31, 2025 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.

6. General Body Meetings

(i) Annual General Meeting ("AGM")
Location and Time Where Last Three AGMs Were Held

Financial Year	Date	Time	Location
2023-24	July 12, 2024	2:20 PM	Registered Office of the Company
2022-23	September 27, 2023	4:50 PM	Registered Office of the Company
2021-22	September 27, 2022	10:00 AM	Registered Office of the Company

Special Resolutions Passed in Previous Three AGMs

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

(ii) Extra-Ordinary General Meeting

During the year under review, 4 (four) Extra-Ordinary General Meetings were held on April 26, 2024, June 20, 2024, July 22, 2024 and August 22, 2024. Details of special resolutions passed at those meetings are as follows:

Sr. No.	Date of EGM	Special Resolution
1	April 26, 2024	Sub-division of equity shares of the Company and consequential alteration in the Memorandum of Association of the Company
2	June 20, 2024	- Re-appointment of Mr. Amit Gainda as the Managing Director and CEO of the Company - Approval of Avanse Financial Services Limited Employee Stock Option Plan 2024 - Approval of Avanse Financial Services Limited Employee Stock Option Plan 2024 ("ESOP 2024") for eligible employees of subsidiary company/(ies) - Amendment to the Avanse Financial Services Limited — Employees Stock Option Plan 2019 - Approval of the issue of equity shares of the Company in the initial public offering - To approve alteration of the articles of association of the Company - To increase investment limit for non-resident Indians and Overseas Citizens of India
3	July 22, 2024	To approve alteration of the articles of association of the Company
4	August 22, 2024	To approve alteration of the articles of association of the Company

Postal Ballot

There was no postal ballot conducted during the year under review.

7. Means of Communication

I. Quarterly Results

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

II. Newspaper Publication

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

III. Website

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

IV. Official News Releases

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

V. Presentations

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

8. General Shareholder Information

a)	Incorporation Date	07/08/1992
b)	Registered Office Address	Times Square Building, E Wing, 4th floor, Opp. Mittal Industrial Estate, Gamdevi, Andheri Kurla Road, Marol, Andheri (East), Mumbai 400 059, Maharashtra
c)	Corporate Identification Number (CIN)	U67120MH1992PLC068060
d)	Date, time and venue of the AGM	As mentioned in the notice convening the AGM
e)	Financial Year	2024-25
f)	Dividend Payment date	NA
g)	Listing on Stock Exchanges	Non-Convertible Debentures (NCDs) issued by the Company are listed on the Debt segment of the BSE Limited ("BSE") having address at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
h)	Payment of listing fees	The Company has paid the annual listing fees for the relevant period to BSE where its securities are listed.
i)	Suspension of Company's Securities	NA
j)	Registrar and Share Transfer Agents	MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India Tel: +91 022 49186000 Website: https: https://in.mpms.mufg.com/ Email ID: debtca@in.mpms.mufg.com
k)	Share transfer system	The Company's shares are not listed on any stock exchange. The share transfers are governed by the provisions of the Act and the Articles of Association of the Company.
l)	Distribution of shareholding	Category of Shareholder: % of total shareholding Promoter and Promoter Group: 59.32 Public: 40.68 **Total: 100.00**
m)	Dematerialisation of shares and liquidity	All the shares of the Company are in dematerialised mode and the same are not listed on any stock exchange.
n)	Outstanding Global Depository Receipts/ American Depository Receipts/Warrants and Convertible Bonds, conversion date and likely impact on equity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible Bonds.
o)	Commodity price risk or foreign exchange risk and commodity hedging activities	Not applicable
p)	Plant Locations	Since the Company is in the business of finance, the disclosure with regard to plant location is not applicable.
q)	Address for Correspondence relating to grievances in relation to non-receipt of Annual Report, dividend and share/ security certificates sent for transfer etc. including any requests/intimation for change in address, issue of duplicate share certificates, change in nomination shall be sent to	Company Secretary and Compliance Officer: Times Square Building, E Wing, 4th floor, Opp. Mittal Industrial Estate, Gamdevi, Andheri Kurla Road, Marol, Andheri (East), Mumbai 400 059, Maharashtra
r)	Credit rating	Details of credit rating are provided in the Board's report.

9. Other Disclosures

Related Party Transactions

The Company had 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 under review which forms part of the Annual Report. The Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions is displayed on the Company's website at https://www.avanse.com/pdf/corporate-governance/Policy%20on%20Materiality%20of%20RPT%20and%20Dealing%20with%20RPT.pdf.

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

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

No penalties or strictures were imposed on the Company.

Vigil Mechanism/Whistle Blower Policy:

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

Compliance of mandatory and adoption of Discretionary requirements

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

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

ii. Auditors' report on Financial Statements for the year ended on March 31, 2025 was unmodified

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

iv. The Internal Auditor functionally reports to the Audit Committee

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:

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: ₹96.27 lakh.

Disclosure in relation to the sexual harassment of women at workplace (Prevention, Prohibition and redressal) Act, 2013 for the financial year 2024-25

Number of Complaints Open at the Beginning of the Financial Year	Number of Complaints Filed during the Financial Year	Number of Complaints Disposed Off during the Financial Year	Number of Complaints Pending as on End of the Financial Year
0	3	3	Nil

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

No such loans or advances during the year under review.

Details of material subsidiary

The Company does not have any material subsidiary.

10. 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 2024-25."

Mr. Amit Gainda
Managing Director and CEO

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

The Board periodically reviews the compliance of all applicable laws. The Company has complied with all mandatory requirements of Corporate Governance as stipulated under Regulation 17 to 27, and applicable requirements for various disclosure on the website of the Company, of the SEBI Listing Regulations. A Compliance Certificate that the Company is in compliance with the conditions of Corporate Governance as stipulated under the SEBI Listing Regulations forms part of this Report.

12. Details of Debenture Trustee of the Company

Contact Person	: Ms. Nikita Sahu
Name	: Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited)
Address	: 901, 9th Floor, Tower-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013, Maharashtra, India
Contact Number	: +91 (022) 49220529 Ext: 591
Email Address	: complianceCTL-Mumbai@ctltrustee.com
Website	: www.catalysttrustee.com

Annexure VI A

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members,
AVANSE FINANCIAL SERVICES LIMITED
4th Floor, E-Wing, Times Square, Andheri-Kurla Road
Gamdevi, Marol, Andheri East, Marol Naka
Mumbai— 400 059, Maharashtra

We have examined the compliance of conditions of Corporate Governance by **Avanse Financial Services Limited ("the Company")** for the year ended on March 31, 2025 as stipulated in Regulations 15 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the Company, being a High Value Debt Listed Entity has complied with the conditions of Corporate Governance as stipulated in Regulations 15 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of Listing Regulations on Comply and Explain basis and is in the process of full compliance.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance 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 MMJB & Associates LLP
Company Secretaries
ICSI UIN: L2020MH006700
Peer Review No: 2826/2022

Saurabh Agarwal
Designated Partner
FCS No. 9290 **CP No.** 20907

Date: April 30, 2025
PLACE: MUMBAI

Annexure VI B

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
AVANSE FINANCIAL SERVICES LIMITED
4th Floor, E-Wing, Times Square Andheri-Kurla Road Gamdevi, Marol, Andheri East, Marol Naka,
Mumbai – 400 059

We have examined the relevant disclosures provided by the Directors of Avanse Financial Services Limited, having CIN U67120MH1992PLC068060 and having registered office at 4th Floor, E-Wing, Times Square, Andheri-Kurla Road Gamdevi, Marol, Andheri East, Mumbai – 400 059, (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 based on (i) documents available on the website of Ministry of Corporate Affairs as on April 16, 2025 and Bombay Stock Exchange of India Limited as on April 28, 2025 (ii) Verification of Directors Identification Number (DIN) status at the website of Ministry of Corporate Affairs on April 28, 2025, and (iii) disclosures provided by the Directors to the Company, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority as on March 31, 2025.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company	Date of Re-appointment
1	Ms. Savita Mahajan	06492679	01/12/2018	01/12/2021
2	Mr. Narendra Ostawal	06530414	30/07/2019	-
3	Mr. Neeraj Swaroop	00061170	30/07/2019	27/09/2022
4	Ms. Vijayalakshmi Iyer	05242960	30/07/2019	27/09/2022
5	Mr. Ravi Venkatraman	00307328	05/07/2021	-
6	Mr. Amit Gainda	09494847	02/03/2022	30/07/2024
7	Mr. Sunish Sharma	00274432	01/07/2024	-
8	Mr. Hemant Omprakash Mundra	08192978	01/07/2024	-
9	Mr. Luca Molinari	10615114	01/07/2024	-
10	Mr. Rakesh Induprasad Bhatt	02531541	08/03/2025	-

For MMJB & Associates LLP
Company Secretaries
ICSI UIN: L2020MH006700
Peer Review No: 2826/2022

Saurabh Agarwal
Designated Partner
FCS No. 9290 **CP No.** 20907

Date: April 30, 2025
PLACE: MUMBAI

INDEPENDENT AUDITOR'S REPORTS AND FINANCIALS

Independent Auditor's Report

To the Members of Avanse Financial Services Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of **Avanse Financial Services Limited** ('the Company'), which comprise the Standalone Balance Sheet as at **31 March 2025**, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Expected Credit Losses (ECL) on loan assets

Refer note 2.13 for material accounting policy on impairment of loan assets and notes 7, 26 and 40.4 for financial disclosures in the accompanying standalone financial statements. At 31 March 2025, the Company reported total gross loans of Rs. 1,741,988.48 lakhs (2024: Rs. 1,252,068.29 lakhs) and Rs. 17,036.45 lakhs of expected credit loss provisions (2024: Rs. 12,403.38 lakhs).

Key Audit Matter	How our audit addressed the key audit matter
Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Company to provide for impairment of its loan assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loan assets.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to the following procedures:

Key Audit Matter	How our audit addressed the key audit matter

ECL cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates and applying appropriate measurement principles in case of loss events, including additional considerations on account of Reserve Bank of India guidelines in relation to restructuring.
 	
The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio.
 	
ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets.
 	
Significant management judgment and assumptions involved in measuring ECL is required with respect to:
 	
• Segmentation of loan book into various buckets;
 	
• Determining the criteria for a significant increase in credit risk;
 	
• Factoring in future economic assumptions / conditions;
 	
• Techniques used to determine probability of default, loss given default and exposure at default; and
 	
• Management overlay estimated at stage level, cohort level, geography level or institutional level.
 	
These parameters are derived from the Company's internally developed statistical models with the help of management experts and other historical data. Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.
	• Examined the Board approved policy for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109;
	
	• Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2025) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;
	
	• Tested the completeness of loans included in the ECL calculations as of 31 March 2025 by reconciling it with the underlying reports. Also, tested the input data used in the PD and LGD model for ECL calculation for its completeness and accuracy with the underlying books of account and records;
	
	• Tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage;
	
	• Obtained the report submitted by the management expert to the management with respect to inputs used in the ECL model. Also, assessed the professional competence and objectivity of such management's expert;
	
	• Involved auditor's experts for testing of the ECL model and computation and performed the following procedures;
	
	  • Tested the reasonableness of factors that affect the PD, LGD and EAD, considering various forward-looking micro, and macro-economic factors;
	
	  • Tested the appropriateness of determining EAD, PD and LGD, on sample basis. For exposure determined to be individually impaired, we tested samples of loans and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations;
	
	  • Performed an overall assessment of the ECL provision levels at each stage, including management's assessment and provision on account of the Company's portfolio, risk profile, credit risk management practices as well as the macroeconomic environment;
	
	  • Tested assumptions used by the management in determining the overlay for macro-economic and other factors; and
	
	  • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including mathematical accuracy of the workings.
	
	• Obtained written representations from the management in relation to appropriateness of such ECL methodology and reasonableness of the judgements and assumptions used; and
	
	• Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars/ guidelines.

Information Technology ("IT") Systems and Controls for the financial reporting process	
Key Audit Matter	**How our audit addressed the key audit matter**
The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Amongst other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the standalone financial statements. The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans, computation of daily DPD amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Further, during the current year, the management has implemented a new loan origination IT system for loan application processing, its sanctioning and thereby, discontinued its erstwhile loan origination IT system. Our areas of audit focus included user access management, changes to the IT environment including new system implementation and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems. Accordingly, due to the importance of the impact of the IT systems and automated controls, new system implementation and related control environment on the Company's financial reporting process, we have determined 'IT Systems and Controls for the financial reporting process' as a key audit matter for the current year audit.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. Further, obtained an understanding of the new IT system implementation carried out by the management during the current year; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties c. Other areas that were assessed under the IT control environment included batch processing and interfaces. d. Management's process around new IT system implementation in order to ascertain how the processes and controls of the new IT system are designed and how the information is transferred within the systems; • Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures; and • On account of termination of contract for usage of erstwhile loan origination system, we were unable to test IT general and automated controls during its period of usage in the current year for one of the loan products. Consequently, we have performed extended substantive audit procedures for loans sanctioned through such erstwhile system.

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

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

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

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matter

15. The standalone financial statements of the Company for the year ended 31 March 2024 were audited by the predecessor auditor, S. R. Batliboi & Co. LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 30 April 2024.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

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

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2025 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed a modified opinion; and

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

    i. the Company, as detailed in note 30 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2025;

    ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2025;

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2025;

iv.

a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 41.18(XIX)(d) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 41.18(XIX)(e) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Company has not declared or paid any dividend during the year ended 31 March 2025.

vi. As stated in note 44 to the standalone financial statements and based on our examination which included test checks, the Company, in respect of financial year commencing on 1 April 2024, has used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN: 25105117BMOLJW5757

Place: Mumbai
Date: 30 April 2025

Annexure A referred to in paragraph 17 of the Independent Auditor's Report of even date to the members of Avanse Financial Services Limited on the standalone financial statements for the year ended 31 March 2025

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment and relevant details of right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in note 11 to the standalone financial statements, are held in the name of the Company.

(d) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 41.18 (XIX)(h) to the standalone financial statements, the Company has been sanctioned working capital limit in excess of Rs. 5 crores by banks or financial institutions based on the security of current assets during the year. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such returns are in agreement with the books of account of the Company for the respective periods, which were subject to audit.

(iii) (a) The Company is a Non-Banking Finance Company ('NBFC') and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.

(c) The Company is a NBFC, registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/ receipts of principal and interest are regular except for instances as below, as also disclosed under note 7.2 to the standalone financial statements:

Particulars - Days Past Due	Aggregate amount outstanding for overdue loans as at 31 March 2025 (₹ In lakhs)	No. of Cases
1-30 days	5,212.77	647
31-60 days	3,186.98	402
61-90 days	1,891.11	223
More than 90 days	4,451.40	518

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

(d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to Rs. 4,451.40 lakhs as at 31 March 2025 in respect of 518 number of loans, as also disclosed in note 7.2 to the standalone financial statements. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.

(e) The Company is a NBFC and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loan or advance in the nature of loan, which are repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, we report that there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ In lakhs)	Amount paid under Protest (₹ In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,981.65	733.67	FY 2019-20	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	406.00	100.78	FY 2020-21	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	416.91	Nil*	FY 2021-22	Commissioner of Income Tax (Appeals)

*Tax amounting to Rs. 105.15 lakhs against the disallowance adjusted against refund due to the Company

(viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

(f) In our opinion and according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

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

(b) In our opinion and according to the information and explanations given to us, the Company has conducted non-banking financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.

(c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors during the year and based on the information and explanations given to us by the management and the response received by us pursuant to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to any ongoing project as at end of the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN: 25105117BMOLJW5757

Place: Mumbai
Date: 30 April 2025

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of **Avanse Financial Services Limited** ('the Company') as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2025:

The Company's internal financial controls over certain information technology system used for credit appraisal and loan sanctioning were not made available to us as fully explained in note 42 to the accompanying financial statements. Consequently, we are unable to obtain sufficient and appropriate audit evidence on whether the Company had adequate internal financial controls with reference to financial statements and such controls were operating effectively.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

10. In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2025, and this material weakness do not affect our opinion on the financial statements of the Company.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN: 25105117BMOLJW5757

Place: Mumbai
Date: 30 April 2025

Avanse Financial Services Limited

STANDALONE BALANCE SHEET AS AT MARCH 31, 2025

(₹ in Lakhs)

	Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
	ASSETS			
I	**Financial assets**			
(a)	Cash and cash equivalents	4	1,17,419.50	1,27,579.33
(b)	Bank balances other than (a) above	5	8,518.10	22,960.74
(c)	Derivative financial instruments	40.4	1,727.69	33.21
(d)	Trade receivables	6	2,174.36	919.38
(e)	Loans	7	17,24,952.03	12,39,664.91
(f)	Investments	8	27,047.31	26,988.35
(g)	Other financial assets	9	2,149.45	1,560.55
			18,83,988.44	**14,19,706.47**
II	**Non-Financial assets**			
(a)	Current tax assets (net)	10A	400.68	1,873.87
(b)	Deferred tax assets (net)	10B	1,658.32	936.01
(c)	Property, plant and equipment	11	4,257.23	2,330.10
(d)	Capital work-in-progress	11	-	886.70
(e)	Right of use assets	11	3,890.93	4,401.59
(f)	Intangible assets under development	11	126.48	1,128.94
(g)	Other intangible assets	11	2,154.47	1,138.70
(h)	Other non-financial assets	12	4,541.00	1,964.85
			17,029.11	**14,660.76**
	Total Assets		**19,01,017.55**	**14,34,367.23**
	LIABILITIES AND EQUITY			
	LIABILITIES			
I	**Financial Liabilities**			
(a)	Derivative financial instruments	40.4	4,656.33	1,163.90
(b)	Trade payables	13		
	- total outstanding dues of micro and small enterprises		1.15	8.50
	- total outstanding dues of creditors other than micro and small enterprises		8,582.11	7,502.17
(c)	Debt securities	14	3,71,959.70	3,05,343.64
(d)	Borrowings (other than debt securities)	15	10,70,341.87	7,03,133.72
(e)	Subordinated liabilities	16	5,056.51	5,047.52
(f)	Other financial liabilities	17	24,285.57	42,501.75
			14,84,883.24	**10,64,701.20**
II	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)	10A	-	-
(b)	Provisions	18	696.26	302.47
(c)	Other non-financial liabilities	19	1,103.66	1,708.16
			1,799.92	**2,010.63**

Avanse Financial Services Limited
STANDALONE BALANCE SHEET AS AT MARCH 31, 2025

	Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
III	**EQUITY**			
(a)	Equity share capital	20	12,591.16	12,591.16
(b)	Other equity	21	4,01,743.23	3,55,064.24
	Total equity		**4,14,334.39**	**3,67,655.40**
	Total Liabilities and Equity		**19,01,017.55**	**14,34,367.23**
	The accompanying notes form an integral part of the Standalone Financial Statements	1 to 45		

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

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

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director & Chief

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary
Place : Mumbai
Date : April 30, 2025

Avanse Financial Services Limited

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
I	**Income**			
	Revenue from operations			
(a)	Interest income	22	2,01,300.23	1,44,293.04
(b)	Fees and commission income	23	22,705.16	18,429.66
(c)	Net gain on fair value changes	24	1,466.76	1,324.94
(d)	Net gain on derecognition of financial instrument on amortised cost basis		9,092.07	8,568.63
	Total revenue from operations		**2,34,564.22**	**1,72,616.27**
(e)	Other income		515.51	210.34
	Total income		**2,35,079.73**	**1,72,826.61**
II	**Expenses**			
(a)	Finance costs	25	1,21,699.73	87,563.79
(b)	Impairment on financial instruments	26	6,469.22	7,959.22
(c)	Employee benefits expense	27	16,919.56	14,046.71
(d)	Depreciation and amortisation expense	11	3,473.28	2,048.18
(e)	Other expenses	28	19,028.02	15,246.20
	Total expenses		**1,67,589.81**	**1,26,864.10**
III	**Profit before tax**		**67,489.92**	**45,962.51**
IV	**Tax expense**			
(a)	Current tax	10B	16,218.63	9,973.66
(b)	Deferred tax	10B	848.61	1,731.88
	Total tax expense		**17,067.24**	**11,705.54**
V	**Net profit for the year**		**50,422.68**	**34,256.97**
VI	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Re-measurement gains/(losses) on post-retirement benefit plans		(88.55)	(18.02)
	(ii) Income tax on above		22.29	4.54
	Subtotal (A)		**(66.26)**	**(13.48)**
	(B) Items that will be reclassified to profit or loss			
	(i) Fair Value gain/(loss) on derivative financial instrument		(6,153.17)	(1,326.23)
	(ii) Income tax on above		1,548.63	333.78
	Subtotal (B)		**(4,604.54)**	**(992.45)**
	Total other comprehensive income/(loss) (A+B)		**(4,670.80)**	**(1,005.93)**

Avanse Financial Services Limited
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025

	Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
VII	**Total comprehensive income/(loss)**		**45,751.88**	**33,251.04**
VIII	**Earnings per equity share**	29		
	(Face value of ₹ 5/- each)			
	Basic (₹)		20.02	15.41
	Diluted (₹)		19.33	15.05
	The accompanying notes form an integral part of the Standalone Financial Statements	1 to 46		

In terms of our report attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

For and on behalf of the Board of Directors of

Avanse Financial Services Limited

Ravi Venkatraman
Director

Executive Officer
DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director & Chief Executive Officer

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer

Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary

Place : Mumbai
Date : April 30, 2025

Avanse Financial Services Limited

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakhs)

	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A	**Cash flow from operating activities**		
	Profit before tax	67,489.92	45,962.51
	Adjustment for:		
	Interest income on loans*	(1,96,370.24)	(1,38,642.99)
	Depreciation and amortisation expenses	3,473.28	2,048.18
	Net gain on fair value changes	(1,466.76)	(1,324.94)
	Interest expense on borrowings	1,21,011.19	86,953.08
	Interest on fixed deposits	(3,128.19)	(4,429.85)
	Interest Income from Treasury bills	(1,801.80)	(1,220.20)
	Impairment of financial instruments	4,585.36	3,321.10
	Bad-debts written off	1,883.86	4,638.11
	Employee share based payment expenses	931.64	747.90
	Finance cost on lease liability	371.08	80.88
	(Profit)/Loss on sale of property, plant and equipments	(3.17)	(0.17)
	Cash flows used in operation before working capital changes and adjustment for interest received and paid	**(3,023.83)**	**(1,866.39)**
	Operational cash flows from interest		
	Interest received on loans*	67,998.98	56,991.08
	Interest paid on borrowings	(1,22,679.85)	(80,244.17)
	Working capital changes		
	Adjustment for:		
	(Increase) in loans*	(3,63,385.08)	(3,28,849.79)
	(Increase) in other non-financial assets	(2,576.15)	(761.74)
	(Increase)/Decrease in financial assets	(588.90)	4,415.97
	(Increase) in trade receivables	(1,254.98)	(86.40)
	(Decrease)/Increase in financial liabilities	(17,917.43)	7,748.57
	Increase in trade payables	1,072.59	2,036.94
	(Decrease)/Increase in non financial liabilities	(604.50)	846.51
	Increase in provisions	305.24	147.76
	Cash (used in) operations	**(4,42,653.91)**	**(3,39,621.66)**
	Direct taxes paid (net)	(14,745.44)	(9,815.36)
	Net cash (used in) operating activities	**(4,57,399.35)**	**(3,49,437.02)**
B	**Cash flow from investing activities**		
	Investments in mutual fund units	(16,33,228.46)	(9,57,952.10)
	Sale of mutual fund units	16,34,695.22	9,59,277.05
	Investments in treasury bills at amortised cost	(1,29,257.16)	(1,42,152.66)
	Redemption of treasury bills	1,31,000.00	1,25,500.00
	Investments in wholly owned subsidiary	-	(2,672.79)
	Interest received on fixed deposits	3,185.53	4,438.24
	Purchase of property, plant & equipment and intangible assets	(3,492.02)	(4,591.58)
	Sale of property, plant & equipment and intangible assets	65.25	5.72
	Fixed deposit not considered as cash and cash equivalents (net)	14,385.30	11,312.75
	Net cash (used in)/generated from investment activities	**17,353.66**	**(6,835.37)**
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including securities premium, net-off of share issue expenses)	(4.53)	1,18,917.78
	Debt securities & subordinated liabilities issued	2,34,272.68	1,18,000.00
	Debt securities & subordinated liabilities repaid	(1,65,121.48)	(1,07,000.00)

Avanse Financial Services Limited
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2025

	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
	Borrowings (other than debt securities) taken	5,64,070.00	4,18,498.79
	Borrowings (other than debt securities) repaid	(2,01,965.65)	(1,44,282.88)
	Proceeds from short-term borrowings (net)	(108.94)	1,628.72
	Principal payment of lease liability	(885.14)	(536.39)
	Interest paid on lease liability	(371.08)	(80.88)
v	**Net cash generated from financing activities**	**4,29,885.86**	**4,05,145.14**
	Net increase/(decrease) in cash and cash equivalents	(10,159.83)	48,872.74
	Cash and cash equivalents at the beginning of the year	1,27,579.33	78,706.59
	Cash and cash equivalents at the end of the year	1,17,419.50	1,27,579.33
	Cash and cash equivalents at the end of the year comprises of:		
	Cash in hand	2.28	2.38
	Balance with banks		
	- In Current accounts	74,867.85	34,060.10
	- In fixed deposit with original maturity of less than 3 months	42,537.74	93,511.61
	Cheques on hand	11.63	5.24
	Total	**1,17,419.50**	**1,27,579.33**

*Considering the nature of business wherein interest is capitalised within the respective loan, interest income has been adjusted with profit before tax and increase/(decrease) in loans and disclosed separately to the extent collected.

Notes:

1. Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.
2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.
3. For disclosure relating to changes in liabilities arising from financing activities refer note 33.

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 46.

In terms of our report attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

For and on behalf of the Board of Directors of

Avanse Financial Services Limited

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director & Chief Executive Officer

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer

Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary

Place : Mumbai
Date : April 30, 2025

Avanse Financial Services Limited
STANDALONE STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2025

A. Equity Share Capital *(₹ in Lakhs)*

Particulars	Balance as at April 1, 2023	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2024
Equity Share Capital	10,663.80	-	-	1,927.36	12,591.16

Particulars	Balance as at April 1, 2024	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2025
Equity Share Capital	12,591.16	-	-	-	12,591.16

*Refer note no. 20

B. Other Equity *(₹ in Lakhs)*

	Reserves and Surplus				Other Comprehensive Income		
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Total
Balance as at 1 April 2023	**1,71,032.71**	**25,174.45**	**38.80**	**1,305.77**	**6,523.15**	**235.88**	**2,04,310.76**
Profit/(loss) for the year	-	34,256.97	-	-	-	-	34,256.97
Other Comprehensive Income/(loss)	-	(13.48)	-	-	-	(992.45)	(1,005.93)
Total Comprehensive Income for the year	**-**	**34,243.49**	**-**	**-**	**-**	**(992.45)**	**33,251.04**
Transfers to Statutory reserves as per Section 45-IC of the RBI Act, 1934	-	(6,851.39)	-	-	6,851.39	-	-
Charge/transfer for the year in respect of Stock Options	-	-	-	747.90	-	-	747.90
Securities premium on shares allotted during the year	1,18,810.79	-	-	-	-		1,18,810.79
Share issuance expenses	(1,820.37)						(1,820.37)
Effective portion of cash flow hedge reserve reclassified to profit and loss	-	-	-	-	-	(235.88)	(235.88)
Transfer on allotment of shares to employees pursuant to ESOP scheme	140.80	-	8.65	(149.45)	-	-	-
Balance as at 31 March 2024	**2,88,163.93**	**52,566.55**	**47.45**	**1,904.22**	**13,374.54**	**(992.45)**	**3,55,064.24**

Avanse Financial Services Limited

STANDALONE STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2025

(₹ in Lakhs)

	Reserves and Surplus					Other Comprehensive Income	
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Total
Balance as at 1 April 2024	**2,88,163.93**	**52,566.55**	**47.45**	**1,904.22**	**13,374.54**	**(992.45)**	**3,55,064.24**
Profit/(loss) for the year	-	50,422.68	-	-	-	-	50,422.68
Other Comprehensive Income/(loss)	-	(66.26)	-	-	-	(4,604.54)	(4,670.80)
Total Comprehensive Income for the year	**-**	**50,356.42**	**-**	**-**	**-**	**(4,604.54)**	**45,751.88**
Transfers to Statutory reserves as per Section 45-IC of the RBI Act, 1934	-	(10,084.54)	-	-	10,084.54	-	-
Charge/transfer for the year in respect of Stock Options	-	-	-	931.64	-	-	931.64
Share issue expenses	(4.53)	-	-	-	-	-	(4.53)
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	-	-	-	-	-	-
Balance as at 31 March 2025	**2,88,159.40**	**92,838.43**	**47.45**	**2,835.86**	**23,459.08**	**(5,596.99)**	**4,01,743.23**

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 46.

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

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

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director & Chief Executive Officer

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai

Date : April 30, 2025

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : April 30, 2025

1. CORPORATE INFORMATION

Avanse Financial Services Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a non-banking financial company registered with the Reserve Bank of India ('RBI') and is primarily engaged in the business of financing education loans to students and education infrastructure loans to institutions. The Company is registered with Ministry of Corporate Affairs (Corporate Identity Number (CIN) U67120MH1992PLC068060). The non-convertible debentures of the Company are listed on BSE Limited.

The details of registration with RBI are as follows:
Registration number: B-13.01704
Category: Systemically Important Non-deposit taking Non-Banking Financial Company (NBFC NDSI)
Classification: Investment and Credit Company (ICC)
Layer: Middle Layer (NBFC-ML)
The registered office of the Company is E-Wing, 4th Floor, Times Square, Andheri - Kurla Rd, Gamdevi, Marol, Andheri East, Mumbai, Maharashtra 400059.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of Accounting and Preparation of Financial statements

Presentation of financial statements

The Standalone Financial Statements comprises of the Standalone Balance Sheet as at March 31, 2025, the Standalone Statement of Profit and Loss (including Other Comprehensive Income/(Loss)), Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended March 31, 2025 and the statement of material accounting policies and explanatory notes (together referred to as"Standalone Financial Statements").

The standalone financial statements of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified along with other relevant provisions of the Act, the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time. The Company uses accrual basis of accounting. The Company prepares and presents its Balance Sheet, Statement of profit and loss and the Changes in Equity in the format prescribed by Division III of schedule III of the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Historical cost convention

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

Valuation governance framework

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 (Share Based payments), leasing transactions that are within the scope of Ind AS 116 (Leases), and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36 (Impairment of Assets).

Valuation principles

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

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

The Standalone Financial Statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

Maintenance of Books of Accounts

The Company has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 relating to maintenance of electronic books of account and other relevant books and papers. The Company's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.

With respect to maintenance of audit trail in respect of accounting software used by the Company pursuant to the requirements of the Companies (Accounts) Rules, 2014, refer note 44.

2.2 (a) Property, plant and equipment and Intangible Assets

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

Depreciation/amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under. Leasehold improvement is depreciated on SLM over the lease term subject to a maximum of 60 months.

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

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

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

ii. Intangible assets
Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

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

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

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

2.2(b) Impairment on non-financial assets
As at the end of each year, the Company reviews the carrying amount of its non financial assets to determine whether there is any indication that these assets have suffered an impairment loss.

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

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

2.3 Revenue Recognition

a. Interest Income
The Company recognises interest income using effective interest rate method (EIR) on all interest bearing financial assets subsequently measured under amortised cost. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company recognises the interest income by applying the EIR to the gross carrying amount of financial assets.

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

b. Fees and Commission Income
Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Delayed payment charges (penal charges) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation basis.

Revenue from contract with customer
Revenue is measured at transaction price i.e. the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The company considers the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, the company excludes the estimates of variable consideration that are constrained. The company applies the five-step approach for recognition of revenue:

i. Identification of contract(s) with customers;
ii. Identification of the separate performance obligations in the contract;
iii. Determination of transaction price;
iv. Allocation of transaction price to the separate performance obligations; and
v. Recognition of revenue when (or as) each performance obligation is satisfied.

Fee and commission income include fees other than those that are an integral part of EIR. The fee & commission included in this part of the Standalone Statement of profit and loss (including other comprehensive income) include among other things fees charged for servicing a loan, commission on forex and insurance commission.

Fee and Commission Income are recognised after the performance obligation in the contract is fulfilled and commission income such as insurance commission and fee income, etc. are recognised on point in time or over the period basis, as applicable.

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

d. Income from direct assignment
Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio 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 is based on the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee and recorded upfront (net off of servicing cost) in the Standalone Statement of profit and loss (including other comprehensive income). EIS is evaluated and adjusted for ECL and expected prepayment.

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, and
c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. As a lessee, the Company determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Standalone Statement of Profit and Loss (including other comprehensive income).

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

2.5 Borrowing costs

Interest expenses is calculated using effective interest rate ('EIR') and calculation of the EIR includes all fees paid that are incremental and directly attributable to the issue of a financial liability. EIR is calculated by considering all costs attributable to acquisition of a financial liability and it represents a rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

All other borrowing costs which are not incremental and not directly attributable to the issue of a financial liability are recognised in the Statement of profit and loss (including other comprehensive income) in the period in which they are incurred.

2.6 Employee Benefits

Share-based payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield. The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to Standalone Statement of profit & loss (including other comprehensive income) is credited with corresponding decrease in equity.

Defined Contribution Plan

Payments to defined contribution plans are recognised as expense in the Statement of Profit and Loss (including other comprehensive income) of the period when employees have rendered service entitling them to the contributions. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payment is available.The Company's contribution paid/payable during the period to National Pension Scheme is recognised in the Standalone Statement of Profit and Loss (including other comprehensive income).

Defined Benefit Obligation

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.

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

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

Long-term incentive plan

The cost of the Long-Term Incentive Plan (LTIP) is recognised over the vesting period starting from the grant date, based on the estimated fair value of the awards. The Company's liability is determined based on certain assumptions regarding expected attrition, discount rate and other relevant vesting conditions. Expenses towards long-term incentive is recognised in the Statement of Profit and Loss.

Short-term employee benefits

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

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 Standalone Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income ('OCI') or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively.

Current Tax

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

Deferred Tax

Deferred tax is recognised using the Standalone Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.8 Goods and Service Tax Input Credit

Goods and Services tax (GST) input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits. GST not available for credit is charged under respective nature of expenses.

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

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

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

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

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

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
ii. a present obligation arising from past events, when no reliable estimate is possible.

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 and
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 Cash and Cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

2.12 Financial Instruments

Recognition of Financial Instruments

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

Initial Measurement of Financial Instruments

The financial assets and financial liabilities are initially measured at fair value, except for trade receivables. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Standalone Statement of Profit and loss.

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

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

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

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

Cash Flow Hedge

The Company designates certain cross currency interest rate swap contracts and interest rate swap contracts as cash flow hedges to mitigate interest rate risk and foreign exchange rate risk exposure on external commercial borrowings and foreign currency loans. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Standalone Statement of Profit and Loss (including other comprehensive income). If the hedging instrument no longer meets the criteria for hedge accounting, it is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period of the hedge was effective, remains in cash flow hedge reserve until the ECB is derecognised. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Standalone Statement of Profit and Loss (including other comprehensive income) upon the derecognition of the hedged item.

2.13 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;
- Debt instrument that are held in a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and that have contractual cash flows that are SPPI on the principal amount outstanding, are measured at at fair value through other comprehensive income (FVOCI);
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.
- However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:
- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- The Company may irrevocably designate a debt instrument that meets the amortised cost or FVOCI criteria, as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Debt instruments at amortised cost

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

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are meeting 'solely payments of principal and interest' ('SPPI') test.
For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

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

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

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

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

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

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

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 Standalone Statement of Profit and Loss account (including other comprehensive income).

Impairment of financial assets

Overview of the Expected Credit Loss (ECL) principle

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

Loans:

ECL are a probability-weighted estimate of the present value of credit losses. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original EIR (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 ECL if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. 12-month ECL are portion of the life-time ECL and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

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

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

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

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

- Stage 1 - Assets upto 30 days of principal/interest overdue.
- Stage 2 - (a) Assets with principal/interest past due between 30 to 90 days (b) where the contractual terms of the loans were renegotiated/modified as per the RBI circular on resolution framework for Covid-19 related stress dated August 6, 2020 and May 5, 2021 and which are not classified as Stage 3 (c) Loans where credit risk has increased significantly basis qualitative assessment of the borrower.
- Stage 3 - Non-performing assets (credit impaired assets) with principal/interest past due more than 90 days and cases where frauds have been identified. Loan accounts where principal and/or interest are past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

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

Significant Increase in Credit Risk:
Accounts which are in 31 - 90 days overdue bucket 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 overdue).

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 days overdue 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.

Other financial assets:
The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the balance sheet.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 and loans under short term financing, the Company always measures the loss allowance at an amount equal to lifetime ECL. Further, for the purpose of measuring lifetime ECL allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109.

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

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

2.14 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 our equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Transaction costs incurred in relation to an equity transaction are deducted from equity, net of associated income tax, if any."

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

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

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

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

Financial liabilities subsequently measured at amortized cost

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

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

Derecognition of financial liabilities

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

2.15 Earnings Per Share

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

3.1 Preparation of financial statements

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

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise. Accounting estimates and judgements are used in various line items in the Standalone financial statements for e.g.:

- Business model assessment (Refer note no. 2.13 and 7)
- Fair value of financial instruments (Refer note no. 40.2)
- Impairment of financial assets (Refer note no. 2.13 and 7)
- Provisions and contingent liabilities (Refer note no. 2.9 and 30)
- Provision for tax expenses (Refer note no. 2.7 and 10)
- Effective interest rate (Refer note no. 2.3, 2.5, 22 and 25)
- Short term and long term employee benefit (Refer note no. 2.6, 18, 27 and 36)

3.2 Accounting Standards (Amendment to Ind AS)

The Ministry of Corporate Affairs notified new standards or amendment to existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

The Company applied following amendments for the first-time during the current year which are effective from 1 April 2024:
Amendments to Ind AS 116 - Lease liability in a sale and leaseback
The amendments require an entity to recognise lease liability including variable lease payments which are not linked to index or a rate in a way it does not result into gain on Right of Use asset it retains.

Introduction of Ind AS 117

MCA notified Ind AS 117, a comprehensive standard that prescribe, recognition, measurement and disclosure requirements, to avoid diversities in practice for accounting insurance contracts and it applies to all companies i.e., to all "insurance contracts" regardless of the issuer. However, Ind AS 117 is not applicable to the entities which are insurance companies registered with IRDAI.

The Company has reviewed the new pronouncements and based on its evaluation has determined that these amendments do not have an impact on the Company's Standalone Financial Statements.

4. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash on hand	2.28	2.38
Balances with banks:		
- In Current Accounts	74,867.85	34,060.10
- In Fixed deposit (with original maturity of 3 months or less)	42,537.74	93,511.61
Cheques on hand	11.63	5.24
Total	**1,17,419.50**	**1,27,579.33**

5. OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed deposits (with original maturity of more than 3 months)		
Encumbered (Refer note 5.1)	2,251.70	2,630.76
Unencumbered	6,266.40	20,329.98
Total	**8,518.10**	**22,960.74**

5.1 Encumbrances on fixed deposits held by the Company

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed deposits pledged for:		
Availing credit enhancement towards securitisation transactions	2,250.52	2,629.63
Bank overdrafts	1.18	1.13
Total	**2,251.70**	**2,630.76**

6. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured; considered good	2,174.36	919.38
Unsecured; which has significant increase in credit risk		47.71
Total	**2,174.36**	**967.09**
Impairment loss allowance		47.71
Net receivables	**2,174.36**	**919.38**

(i) 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.

(ii) 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.

(iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Particulars	Outstanding for following periods from due date of payment							
As at March 31, 2025	Unbilled	Not due	Less than 6 months	6months– 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	1,173.90	364.71	608.18	27.37	0.20	-	-	2,174.36
Disputed – considered good	-	-	-	-	-	-		-
Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	**1,173.90**	**364.71**	**608.18**	**27.37**	**0.20**	**-**	**-**	**2,174.36**

Particulars	Outstanding for following periods from due date of payment							
As at March 31, 2024	Unbilled	Not due	Less than 6 months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	583.75	319.37	16.06	0.20	-	-	-	919.38
Disputed – considered good	-	-	-	-	-	-	-	-
Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	47.71	47.71
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	**583.75**	**319.37**	**16.06**	**0.20**	**-**	**-**	**47.71**	**967.09**

7. LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Term loans*	17,41,988.48	12,52,068.29
	17,41,988.48	12,52,068.29
Less: Impairment loss allowance (refer note 26)	17,036.45	12,403.38
Total – Net (A)	**17,24,952.03**	**12,39,664.91**
(a) Secured by tangible assets	2,98,355.59	2,43,935.11
(b) Secured by lien over balance in bank accounts of the borrower, fixed deposits, government guarantee etc.**	1,26,498.08	78,670.70
(c) Unsecured	13,17,134.81	9,29,462.48
Total – Gross (B)	**17,41,988.48**	**12,52,068.29**
Less: Impairment loss allowance	17,036.45	12,403.38
Total – Net (B)	**17,24,952.03**	**12,39,664.91**
(I) Loans in India		
Public Sector	-	-
Others	17,41,988.48	12,52,068.29
Total - Gross (C)	**17,41,988.48**	**12,52,068.29**
Less: Impairment loss allowance	17,036.45	12,403.38
Total - Net (C)	**17,24,952.03**	**12,39,664.91**
(II) Loans outside India	-	-
Total (C)	**17,24,952.03**	**12,39,664.91**

* Loans includes excess interest spread on loans derecognised through direct assignment and co lending arrangements amounting to ₹14,277.68 lakhs and ₹8,480.79 lakhs as at March 31, 2025 and March 31, 2024 respectively.

**Includes loans temporarily secured by lien over balance in bank accounts of the borrower until their stated utilisation. The total amount of such lien is ₹116,577.84 lakh and ₹70,229.86 lakhs as at March 31, 2025 and March 31, 2024 respectively.

7.1 The business model of the company is to hold the assets for generating contractual cash flows on account of principal and interest and hence these are held at amortised cost. Sales, if any, are insignificant and do not impact the business model.

7.2 The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification.

(₹ in Lakhs)

Category	As at March 31, 2025		
	Gross CarryingAmount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	17,26,170.26	10,319.44	17,15,850.82
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	11,366.82	2,947.23	8,419.59
Stage 3 - Credit impaired assets	4,451.40	3,769.78	681.62
Total	**17,41,988.48**	**17,036.45**	**17,24,952.03**

(₹ in Lakhs)

Category	As at March 31, 2024		
	Gross CarryingAmount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	12,34,742.65	5,829.26	12,28,913.39
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	12,002.17	2,863.35	9,138.82
Stage 3 - Credit impaired assets	5,323.47	3,710.77	1,612.70
Total	**12,52,068.29**	**12,403.38**	**12,39,664.91**

An analysis of changes in the gross carrying of loans:

(₹ in Lakhs)

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**12,34,742.65**	**12,002.17**	**5,323.47**	**12,52,068.29**
Transfer during the year				
Transfers to Stage 1	1,554.73	(984.82)	(569.91)	-
Transfers to Stage 2	(4,491.44)	4,711.53	(220.09)	-
Transfers to Stage 3	(3,049.03)	(1,155.94)	4,204.97	-
New credit exposure during the year, net of repayments	4,97,413.35	(3,206.12)	(2,138.81)	**4,92,068.42**
Amounts written off (net of of recovery)			(2,148.23)	**(2,148.23)**
Gross carrying amount closing balance*	**17,26,170.26**	**11,366.82**	**4,451.40**	**17,41,988.48**

*No. of loan accounts with principal and/or interest overdue as at March 31, 2025 is 650 (Stage 1), 831 (Stage 2) and 518 (Stage 3).

(₹ in Lakhs)

For the year ended March 31, 2024	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	8,21,617.88	20,024.63	4,721.21	**8,46,363.72**
Transfer during the year				
Transfers to Stage 1	1,621.06	(1,463.96)	(157.10)	-
Transfers to Stage 2	(2,206.95)	2,441.25	(234.30)	-
Transfers to Stage 3	(2,820.02)	(2,774.84)	5,594.86	-
Credit exposure during the year, net of repayments	4,16,530.68	(6,224.91)	(712.99)	**4,09,592.78**
Amounts written off (net of of recovery)			(3,888.21)	**(3,888.21)**
Gross carrying amount closing balance*	**12,34,742.65**	**12,002.17**	**5,323.47**	**12,52,068.29**

*No. of loan accounts with principal and/or interest overdue as at March 31, 2024 is 1,495 (Stage 1), 2,645 (Stage 2) and 1,851 (Stage 3).

An analysis of changes in impairment loss of loans:

(₹ in Lakhs)

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	5,829.26	2,863.35	3,710.77	**12,403.38**
Transfer during the year				
Transfers to Stage 1	66.01	(63.07)	(2.94)	-
Transfers to Stage 2	(1,558.12)	1,587.75	(29.63)	-
Transfers to Stage 3	(2,647.62)	(1,028.09)	3,675.71	-
Credit exposure during the year, net of repayments	8,629.91	(412.71)	(1,435.90)	**6,781.30**
Amounts written off (net of of recovery)			(2,148.23)	**(2,148.23)**
ECL allowance - closing balance#	**10,319.44**	**2,947.23**	**3,769.78**	**17,036.45**

(₹ in Lakhs)

For the year ended March 31, 2024	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	1,845.43	4,123.08	3,272.79	**9,241.30**
Transfer during the year				
Transfers to Stage 1	23.55	(21.67)	(1.88)	-
Transfers to Stage 2	(747.79)	834.66	(86.87)	-
Transfers to Stage 3	(829.11)	(842.00)	1,671.11	-
Credit exposure during the year, net of repayments	5,537.18	(1,230.72)	2,743.83	**7,050.29**
Amounts written off (net of of recovery)	-	-	(3,888.21)	**(3,888.21)**
ECL allowance - closing balance#	**5,829.26**	**2,863.35**	**3,710.77**	**12,403.38**

The ECL shown above is computed on EAD which comprises of the gross carrying amount adjusted for the following amounts:

Particulars	As at March 31 2025	As at March 31 2024
Undisbursed Loan	1,00,829.59	1,05,841.09

7.3 There are no loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

8. Investments

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At cost		
Equity investment in subsidiary- Avanse Global Finance IFSC Private Limited (267,379,480 equity shares of face value of ₹10/- each)	2,673.79	2,673.79
At amortised cost		
- Treasury Bills (refer note 8.1)	24,373.52	24,314.56
Total Gross (A)	**27,047.31**	**26,988.35**
Less: Allowance for impairment loss (B)	-	-
Total Net C (A-B)	**27,047.31**	**26,988.35**
i) Investments in India	27,047.31	26,988.35
ii) Investments outside India	-	-
Total (D)	**27,047.31**	**26,988.35**

Note 8.1

(₹ in Lakhs)

Name of instrument	As at March 31, 2025		As at March 31, 2024	
	No of units	Amount	No of units	Amount
Treasury Bill				
364 DTB 3-04-2025 - 6.40%	50,00,000	4,997.22	-	-
182 DTB 24-04-2025 - 6.57%	20,00,000	1,991.68	-	-
182 DTB 24-04-2025 - 6.59%	10,00,000	995.99	-	-
364 DTB 24-04-2025 - 6.57%	50,00,000	4,980.02	-	-
182 DTB 8-05-2025 - 6.38%	15,00,000	1,490.55	-	-
182 DTB 15-05-2025 - 6.62%	65,00,000	6,449.15	-	-
182 DTB 15-05-2025 - 6.38%	15,00,000	1,488.77	-	-
182 DTB 29-05-2025 - 6.43%	20,00,000	1,980.14	-	-
182 DTB 4-04-2024 - 7.09%	-	-	50,00,000	4,996.25
91 DTB 18-04-2024 - 6.96%	-	-	25,00,000	2,492.03
182 DTB 25-04-2024 - 7.00%	-	-	15,00,000	1,493.24
182 DTB 9-05-2024 - 7.01%	-	-	25,00,000	2,482.26
182 DTB 16-05-2024 - 7.03%	-	-	25,00,000	2,478.95
91 DTB 16-05-2024 - 7.01%	-	-	25,00,000	2,478.98
182 DTB 30-05-2024 - 6.85%	-	-	25,00,000	2,472.78
182 DTB 6-06-2024 - 6.92%	-	-	25,00,000	2,469.27
182 DTB 13-06-2024 - 6.91%	-	-	25,00,000	2,466.08
364 DTB 12-09-2024 - 7.05%	-	-	5,00,000	484.72
Total	**2,45,00,000**	**24,373.52**	**2,45,00,000**	**24,314.56**

9. OTHERS FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Security deposits	1,509.49	1,320.75
Other advances*	639.96	239.80
Total	**2,149.45**	**1,560.55**

*Includes ₹ 149.41 lakhs and Rs.13.67 lakhs as at March 31, 2025 and as at March 31, 2024 respectively receivable from third parties upon cancellation of loans.

10A. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance tax and tax deducted at source (Net of provision for tax ₹34,857.88 lakhs (March 31, 2024: ₹ 21,622.69 lakhs))	400.68	1,873.87
Total	**400.68**	**1,873.87**

10B. DEFERRED TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	Balance as at April 1, 2024	Credit/(charge) to profit and loss	Credit/(charge) to OCI	Balance as at March 31, 2025
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	203.28	123.41	-	326.69
- Provision for employee benefits	76.13	76.82	22.29	175.24
- ECL allowance on financial instruments	2,983.10	1,289.79	-	4,272.89
- Measurement of financial instruments at amortised cost	-	-	-	-
- Cash flow hedge Reserve	333.78	-	1,548.63	1,882.41
Deferred Tax Assets (A)	**3,596.29**	**1,490.02**	**1,570.92**	**6,657.23**
Tax effect of items constituting deferred liabilities:				
- Cash flow hedge Reserve	-	-	-	-
- Measurement of financial instruments at amortised cost	2,660.28	2,338.63	-	4,998.91
Deferred Tax Liabilities (B)	**2,660.28**	**2,338.63**	**-**	**4,998.91**
Deferred tax assets/(liabilities) Net (A-B)	**936.01**	**(848.61)**	**1,570.92**	**1,658.32**

(₹ in Lakhs)

Particulars	Balance as at April 1, 2023	Credit/(charge) to profit and loss	Credit/(charge) to OCI	Balance as at March 31, 2024
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	176.37	26.91	-	203.28
- Provision for employee benefits	17.80	53.79	4.54	76.13
- ECL allowance on financial instruments	2,075.62	907.48	-	2,983.10
- Measurement of financial instruments at amortised cost	59.78	(59.78)	-	-
- Cash flow hedge Reserve	-	-	333.78	333.78
Deferred Tax Assets (A)	**2,329.57**	**928.40**	**338.32**	**3,596.29**
Tax effect of items constituting deferred liabilities:				
- Cash flow hedge Reserve	79.34	-	(79.34)	-
- Measurement of financial instruments at amortised cost	-	2,660.28	-	2,660.28
Deferred Tax Liabilities (B)	**79.34**	**2,660.28**	**(79.34)**	**2,660.28**
Deferred tax assets/(liabilities) Net (A-B)	**2,250.23**	**(1,731.88)**	**417.66**	**936.01**

Income tax recognised in Statement of profit and loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) Current tax:		
In respect of current year	16,218.63	9,973.66
In respect of prior year	-	-
	16,218.63	**9,973.66**
b)Deferred tax		
In respect of current year origination and reversal of temporary differences	848.61	1,731.88
In respect of prior year	-	-
	848.61	**1,731.88**
Total Income tax recognised in Statement of profit and loss	**17,067.24**	**11,705.54**

Income tax recognised in Other comprehensive income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax related to items recognised in Other Comprehensive Income during the year		
Remeasurement of defined employee benefits	22.29	4.54
Cash Flow hedge reserve	1,548.63	333.78
Total Income tax recognised in Other Comprehensive Income	**1,570.92**	**338.32**

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax	67,489.92	45,962.51
Applicable tax rate (%) (As per the Income Tax Act, 1961)	25.168%	25.168%
Expected income tax expense	16,985.86	11,567.85
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax on expenditure not considered for tax provision (net of allowance)	81.38	137.69
Income tax expense recognised in profit and loss	**17,067.24**	**11,705.54**
Effective tax rate	**25.29%**	**25.47%**

Avanse Financial Services Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2025

11 Property, Plant and Equipment

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses				Net Block
	As at April 1, 2024	Additions for the year	Deletions for the year	As at March 31, 2025	As at April 1, 2024	Charge for the year	Deletions for the year	As at March 31, 2025	As at March 31, 2025
Property, Plant and Equipment									
Owned assets:									
Freehold land	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	522.29	791.80	142.04	1,172.05	441.17	164.51	168.33	437.35	734.70
Computers	1,282.44	310.49	215.60	1,377.33	856.56	286.68	215.69	927.55	449.78
Office equipment	615.28	480.63	314.36	781.55	431.56	140.90	287.50	284.96	496.59
Furniture and fixtures	111.95	191.31	98.24	205.02	86.79	33.18	81.61	38.36	166.66
Vehicle	2,155.42	1,548.95	67.02	3,637.35	553.66	718.76	32.12	1,240.30	2,397.05
Total	**4,699.83**	**3,323.18**	**837.26**	**7,185.75**	**2,369.74**	**1,344.03**	**785.25**	**2,928.52**	**4,257.23**
Leased Assets									
Right of use assets - Premises	6,118.41	586.40	-	6,704.81	1,716.82	1,097.06	-	2,813.88	**3,890.93**
Intangible Assets									
Computer software	4,512.06	2,058.03	51.71	6,518.38	3,373.36	1,032.19	41.64	4,363.91	**2,154.47**
Capital work in progress	**886.70**	**-**	**886.70**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets under development	**1,128.94**	**1,044.52**	**2,046.98**	**126.48**	**-**	**-**	**-**	**-**	**126.48**

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses				Net block
	As at April 1, 2023	Additions for the year	Deletions for the year	As at March 31, 2024	As at April 1, 2023	Charge for the year	Deletions for the year	As at March 31, 2024	As at March 31, 2024
Property, Plant and Equipment									
Owned assets:									
Freehold land #	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	319.30	202.99	-	522.29	300.40	140.77	-	441.17	81.12
Computers	945.63	336.81	-	1,282.44	606.78	249.78	-	856.56	425.88
Office equipment	547.51	67.77	-	615.28	323.22	108.34	-	431.56	183.72
Furniture and fixtures	106.62	5.33	-	111.95	69.49	17.30	-	86.79	25.16
Vehicle	841.03	1,321.92	7.53	2,155.42	163.66	391.65	1.65	553.66	1,601.76
Total	**2,772.54**	**1,934.82**	**7.53**	**4,699.83**	**1,463.55**	**907.83**	**1.65**	**2,369.74**	**2,330.10**
Leased Assets									
Right of use assets - Premises	1,526.07	4,592.34	-	6,118.41	1,177.49	539.32	-	1,716.82	**4,401.59**
Intangible Assets									
Computer software	3,406.81	1,105.25	-	4,512.06	2,772.33	601.03	-	3,373.36	**1,138.70**
Capital work in progress	-	886.70	-	886.70	-	-	-	-	**886.70**
Intangible assets under development	464.12	1,871.04	1,206.23	1,128.94	-	-	-	-	**1,128.94**

#The Company has mortgaged one of its freehold land in Chennai on exclusive charge against specific secured non convertible debentures.

Capital work in progress ageing schedule

(₹ in Lakhs)

Capital work in progress	As at March 31, 2025				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Capital work in progress	As at March 31, 2024				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	886.70	-	-	-	886.70
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development ageing schedule

(₹ in Lakhs)

Intangible assets under development	As at March 31, 2025				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	126.48	-	-	-	126.48
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development	As at March 31, 2024				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	1,120.22	8.72	-	-	1,128.94
Projects temporarily suspended	-	-	-	-	-

Note:

1) The Company does not have any project temporary suspended and intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence intangible asset under development completion schedule is not applicable.
2) There is no immovable property where title deed of such immovable property is not held in name of the Company or jointly held with others.
3) The Company has not revalued its Property, Plant and Equipment (including Right–of–Use Assets and Intangible assets).

Avanse Financial Services Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2025

12. OTHER NON-FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Prepaid expenses*	3461.20	482.12
Balances with Government authorities	426.98	538.12
Capital Advances	292.67	69.31
Other advances**	360.15	875.30
Total	**4,541.00**	**1,964.85**

*The Company has incurred certain expenses towards proposed initial public offering of its equity shares. The Company expects to recover certain amounts from the selling shareholders and the balance amount would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013.
**Includes advances given to vendors and employees.

13. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	1.15	8.50
- Total outstanding dues of creditors other than micro and small enterprises	8,582.11	7,502.17
Total	**8,583.26**	**7,510.67**

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, 2025 are as under :

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1.15	8.50
(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	**1.15**	**8.50**

Particulars	Outstanding for following periods from due date of payment						
As at March 31, 2025	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Outstanding dues of micro and small enterprises	-	-	1.15	-	-	-	1.15
Outstanding dues of creditors other than micro and small enterprises	8,565.72	5.76	7.13	2.33	1.17	-	8,582.11
Disputed dues of micro and small enterprise	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprise	-	-	-	-	-	-	-
Total	**8,565.72**	**5.76**	**8.28**	**2.33**	**1.17**	**-**	**8,583.26**

Particulars	Outstanding for following periods from due date of payment						
As at March 31, 2024	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Outstanding dues of micro and small enterprises	-	-	8.50	-	-	-	8.50
Outstanding dues of creditors other than micro and small enterprises	7,242.69	6.18	252.13	1.17	-	-	7,502.17
Disputed dues of micro and small enterprise	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprise	-	-	-	-	-	-	-
Total	**7,242.69**	**6.18**	**260.63**	**1.17**	**-**	**-**	**7,510.67**

14. Debt securities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Secured		
Non-convertible debentures (refer note 14.1, 14.2, 14.3 and 14.4)	3,57,717.51	3,05,343.64
Unsecured		
Commercial Papers (refer note 14.5)	14,242.19	-
Total	**3,71,959.70**	**3,05,343.64**
Debt Securities in India	3,71,959.70	3,05,343.64
Debt Securities outside India	-	-
Total	**3,71,959.70**	**3,05,343.64**

14.1 All the secured non-convertible debentures (NCD) of the Company including those issued during the year ended March 31, 2025 are fully secured by hypothecation of book debts/loan receivables. Additionally, the Company has mortgaged one of its freehold land in Chennai amounting to ₹ 7.50 lakhs on exclusive charge against specific secured NCDs. The Company has, at all times, for the secured NCDs, maintained sufficient asset cover as stated in the respective information memorandum towards the principal amount, interest accrued thereon, and such other sums as mentioned therein.

14.2 Details of Non-Convertible Debentures (NCD) (Secured)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
INE087P07402	50,000.00	-
INE087P07337	50,000.00	50,000.00
INE087P07410	35,000.00	-
INE087P07469	30,000.00	-
INE087P07444	25,000.00	-
INE087P07287	25,000.00	25,000.00
INE087P07451	22,500.00	-
INE087P07386	20,000.00	-
INE087P07345	15,500.00	15,500.00
INE087P07394	15,000.00	-
INE087P07436	10,000.00	-
INE087P07360	10,000.00	10,000.00
INE087P07428	7,500.00	-
INE087P07311	7,500.00	7,500.00
INE087P07378	7,500.00	7,500.00
INE087P07329	5,000.00	20,000.00
INE087P07352	2,500.00	2,500.00
INE087P07022	2,500.00	2,500.00
INE087P07048	1,500.00	1,500.00
INE087P07303	9.00	10,000.00
INE087P07246	-	40,000.00
INE087P07295	-	25,000.00
INE087P07238	-	20,000.00
INE087P07253	-	20,000.00
INE087P07204	-	15,000.00
INE087P07279	-	15,000.00
INE087P07261	-	100.00
	3,42,009.00	**2,87,100.00**
Interest accrued but not due	16,577.21	19,671.12
Impact of effective interest rate	(868.70)	(1,427.48)
	3,57,717.51	**3,05,343.64**

14.3 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of loan	Residual maturity of NCD (Secured) Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par and at maturity					
Up to 2 years	34,900.00	-	-	-	34,900
Over 2 to 3 years	32,609.00	65,500.00	1,70,000.00	-	2,68,109
Over 3 to 4 years	-	22,500.00	-	10,000.00	32,500.00
Over 4 years	4,000.00	-	-	2,500.00	6,500.00
Total at face value	**71,509.00**	**88,000.00**	**1,70,000.00**	**12,500.00**	**3,42,009.00**
Interest accrued but not due					16,577.21
Impact of effective interest rate					(868.70)
Total amortised cost					**3,57,717.51**

-Interest rate ranges from 8.91% to 10.10% as at March 31, 2025.

14.4 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2024

(₹ in Lakhs)

Original maturity of loan	Residual maturity of NCD (Secured)				
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par and at maturity					
Up to 2 years	40,100.00	-	-	-	40,100.00
Over 2 to 3 years	70,000.00	67,500.00	65,500.00	-	2,03,000.00
Over 3 to 4 years	-	-	37,500.00	-	37,500.00
Over 4 years	-	4,000.00	-	2,500.00	6,500.00
Total at face value	**1,10,100.00**	**71,500.00**	**1,03,000.00**	**2,500.00**	**2,87,100.00**
Interest accrued but not due					19,671.12
Impact of effective interest rate					(1,427.48)
Total amortised cost					**3,05,343.64**

-Interest rate ranges from 9.05% to 10.25% as at March 31, 2024.

14.5 Terms of repayment of commercial papers

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Redeemable at par with original maturity up to 1 year		
- Due within 1 year (amount at face value)	15,000.00	-
Unamortised cost	(757.81)	-
Total amortised cost	**14,242.19**	**-**

-Interest rate ranges from 9.15% to 9.25% p.a. as at March 31, 2025. There were no commercial papers outstanding as on March 31, 2024.

15. Borrowings (Other Than Debt Securities)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At amortised cost (within India)		
Secured		
Term loans from banks (refer note 15.1, 15.2 and 15.3)	8,08,399.64	5,73,369.29
Term loans from financial institutions (refer note 15.1, 15.4 and 15.5)	21,858.60	18,775.80
Cash credit from banks (refer note 15.1, 15.6 and 15.7)	1,519.78	1,628.72
Securitisation liabilities (refer note 15.1, 15.8 and 15.9)	6,849.12	16,387.68
Total (A)	**8,38,627.14**	**6,10,161.49**
At amortised cost (outside India)		
Secured		
External commercial borrowing (ECB) (refer note 15.1, 15.10 and 15.11)	2,31,714.73	92,972.23
Total (B)	**2,31,714.73**	**92,972.23**
Total (C) = (A) + (B)	**10,70,341.87**	**7,03,133.72**

15.1 Term loans from banks and financial institutions, cash credit from banks and ECBs of the Company, including those borrowed during the year ended March 31, 2025 are fully secured by hypothecation of book debts/loan receivables and other current assets (including investments). Securitisation borrowings of the Company are secured against specific pool of receivables for each Special Purpose Vehicle and credit enhancement.

15.2 Details of term loans from banks (Secured) as at March 31, 2025

(₹ in Lakhs)

	Residual maturity of loan									
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years		Total	
Original maturity of loans	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable in monthly installments										
Over 2 to 3 years	12	3,636.36	2	606.44	-	-	-	-	14	4,242.80
Over 3 to 4 years	3	281.25	-	-	-	-	-	-	3	281.25
Over 4 years	180	27,116.95	158	25,541.95	123	19,166.95	68	9,622.70	529	81,448.55
Repayable in quarterly installments										
Up to 2 years	4	5,000.00	3	3,742.80	-	-	-	-	7	8,742.80
Over 2 to 3 years	23	34,970.00	18	33,136.67	9	27,205.81	2	11,120.00	52	1,06,432.48
Over 3 to 4 years	65	29,998.81	56	26,246.63	36	16,567.89	9	5,694.90	166	78,508.23
Over 4 years	235	1,35,675.08	217	1,33,545.02	164	1,07,291.17	159	1,40,958.77	775	5,17,470.04
Repayable in half yearly installments										
Up to 2 years	2	10,000.00	1	4,999.95	-	-	-	-	3	14,999.95
Total face value		**2,46,678.45**		**2,27,819.46**		**1,70,231.82**		**1,67,396.37**		**8,12,126.10**
Interest accrued but not due										695.39
Impact of effective interest rate										(4,421.85)
Total amortised cost										**8,08,399.64**

-Interest rate ranges from 8.76% to 10.80% p.a as at March 31, 2025.
-The rate of interest for the above term loans is linked to the MCLR/base rates of the banks and is subject to change from time to time.

15.3 Details of term loans from banks (Secured) as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Due within 1 year: Total number of installments	Due within 1 year: Amount	Due in 1 to 2 years: Total number of installments	Due in 1 to 2 years: Amount	Due in 2 to 3 years: Total number of installments	Due in 2 to 3 years: Amount	Due more than 3 years: Total number of installments	Due more than 3 years: Amount	Total: Total number of installments	Total: Amount
Repayable in monthly installments										
Over 2 to 3 years	12	3,636.36	12	3,636.36	2	602.78	-	-	26	7,875.50
Over 3 to 4 years	12	1,683.57	3	281.25	-	-	-	-	15	1,964.82
Over 4 years	170	26,166.95	168	25,916.95	146	24,341.96	165	25,716.60	649	1,02,142.46
Repayable in quarterly installments										
Up to 2 years	4	2,997.74	-	-	-	-	-	-	4	2,997.74
Over 2 to 3 years	10	3,166.67	7	2,416.67	2	581.95	-	-	19	6,165.29
Over 3 to 4 years	47	17,966.16	50	18,663.76	36	12,716.03	17	3,963.41	150	53,309.36
Over 4 years	204	1,08,571.36	177	99,496.02	161	93,876.61	160	1,00,093.29	702	4,02,037.28
Repayable on maturity										
Up to 2 years	1	490.00	-	-	-	-	-	-	1	490.00
Total face value		**1,64,678.81**		**1,50,411.01**		**1,32,119.33**		**1,29,773.30**		**5,76,982.45**
Interest accrued but not due										15.44
Impact of effective interest rate										(3,628.60)
Total amortised cost										**5,73,369.29**

-Interest rate ranges from 9.12% to 10.80% p.a as at March 31, 2024.
-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.

15.4 Details of term loans from financial institutions as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Due within 1 year: Total number of installments	Due within 1 year: Amount	Due in 1 to 2 years: Total number of installments	Due in 1 to 2 years: Amount	Due in 2 to 3 years: Total number of installments	Due in 2 to 3 years: Amount	Due more than 3 years: Total number of installments	Due more than 3 years: Amount	Total: Total number of installments	Total: Amount
Repayable in monthly installments										
Over 3 to 4 years	66	6,715.16	33	3,928.57	18	2,143.86	-	-	117	12,787.59
Over 4 years	9	779.05	12	1,128.23	12	1,238.18	24	2,854.54	57	6,000.00
Repayable in yearly installments										
Over 4 years	1	800.00	3	2,200.02	-	-	-	-	4	3,000.02
Total face value		**8,294.21**		**7,256.82**		**3,382.04**		**2,854.54**		**21,787.61**
Interest accrued but not due										84.39
Impact of effective interest rate										(13.40)
Total amortised cost										**21,858.60**

-Interest rate ranges from 9.40% to 10.40% p.a as at March 31, 2025

15.5 Details of term loans from financial institutions as at March 31, 2024

(Rs inLakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable in monthly installments										
Over 3 to 4 years	60	5,746.08	55	5,359.50	21	2,500.00	5.00	595.24	141	14,200.82
Repayable in yearly installments										
Over 4 years	2	1,500.00	2	1,500.00	2	1,500.00	-	-	6	4,500.00
Total face value		**7,246.08**		**6,859.50**		**4,000.00**		**595.24**		**18,700.82**
Interest accrued but not due										115.30
Impact of effective interest rate										(40.32)
Total amortised cost										**18,775.80**

-Interest rate ranges from 6.00% to 10.15% p.a as at March 31, 2024.

15.6 Details of cash credit from banks as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Up to 2 years	1	1,519.78	-	-	-	-	-	-	1	1,519.78
Total amortised cost		**1,519.78**								**1,519.78**

-Interest rate ranges from 9.50% to 9.60% p.a as at March 31, 2025.

15.7 Details of cash credit from banks as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Up to 2 years	1	1,628.72	-	-	-	-	-	-	1	1,628.72
Total amortised cost		**1,628.72**								**1,628.72**

-Interest rate is at 9.30% p.a as at March 31, 2024.

15.8 Details of securitisation liabilities as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable monthly										
Over 4 years	27	2,496.04	24	1,646.56	21	1,403.82	20	900.98	92	6,447.40
Repayable on maturity										
Over 4 years	2	353.59	-	-	-	-	-	-	2	353.59
Total Face value		**2,849.63**		**1,646.56**		**1,403.82**		**900.98**		**6,800.99**
Interest accrued but not due										50.00
Impact of effective interest rate										(1.87)
Total amortised cost										**6,849.12**

-Interest rate ranges from 8.00% to 9.65% p.a as at March 31, 2025.

15.9 Details of securitisation liabilities as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable monthly										
Over 4 years	51	8,919.78	30	1,917.72	24	2,063.40	43	3,106.86	148	16,007.76
Repayable on maturity										
Over 4 years	-	-	1	353.59	-	-	-	-	1	353.59
Total face value		**8,919.78**		**2,271.31**		**2,063.40**		**3,106.86**		**16,361.35**
Interest accrued but not due										50.18
Impact of effective interest rate										(23.85)
Total amortised cost										**16,387.68**

-Interest rate ranges from 8.00% to 10.15% p.a as at March 31, 2024.

15.10 Details of external commercial borrowings as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable monthly										
Over 3 to 4 years	-	-	-	-	7	29,309.00	2	8,374.00	9	37,683.00
Repayable quarterly										
Over 3 to 4 years	-	-	1	4,187.00	2	8,374.00	-	-	3	12,561.00
Over 4 years	4	1,635.93	4	1,635.94	4	1,635.94	9	3,680.87	21	8,588.68
Repayable on maturity										
Over 2 to 3 years	-	-	-	-	2	50,788.00	-	-	2	50,788.00
Over 3 to 4 years	-	-	2	84,510.35	1	33,538.00	-	-	3	1,18,048.35
Total face value		**1653.93**		**90,333.29**		**1,23,644.94**		**12,054.87**		**2,27,669.03**
Interest accrued but not due										1,924.86
Impact of effective interest rate										(2,429.21)
Impact of mark to market										4,550.75
Total amortised cost										**2,31,714.73**

-Interest rate ranges from 8.93% to 10.04% p.a as at March 31, 2025.

15.11 Details of external commercial borrowings as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable quarterly										
Over 4 years	4	1,555.88	4	1,555.88	4	1,555.88	13	5,056.59	25	9,724.23
Repayable on maturity										
Over 2 to 3 years	-	-	-	-	1	36,248.55	-	-	1	36,248.55
Over 3 to 4 years	-	-	-	-	1	48,261.80	-	-	1	48,261.80
Total face value		**1,555.88**		**1,555.88**		**86,066.23**		**5,056.59**		**94,234.58**
Interest accrued but not due										416.59
Impact of effective interest rate										1874.46
Impact of mark to market										195.52
Total amortised cost										**92,972.23**

-Interest rate ranges from 9.90% to 10.30% p.a as at March 31, 2024.

15.13 The borrowings have not been guaranteed by directors or others. Also, the Company has not defaulted in repayment of principal and interest.

15.14 Disclosure of information related to borrowings from banks or financial institutions on the basis of security of current assets -
The quarterly returns or statements comprising (book debt statements and other stipulated financial information) filed by the Company with such banks are in agreement with the books of account of the Company.

16. Subordinated liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured		
Non-convertible debentures (refer note 16.1, 16.2 and 16.3)	5,056.51	5,047.52
Total	**5,056.51**	**5,047.52**
Subordinated liabilities in India	5,056.51	5,047.52
Subordinated liabilities outside India	-	-
Total	**5,056.51**	**5,047.52**

16.1 Details of Non-convertible debentures (Unsecured)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
INE087P08020	2,500.00	2,500.00
INE087P08038	2,500.00	2,500.00
	5,000.00	**5,000.00**
Interest accrued but not due	78.75	78.76
Impact of effective interest rate	(22.24)	(31.24)
	5,056.51	**5,047.52**

16.2 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of NCD Due within 1 year Amount	Due in 1 to 2 years Amount	Due in 2 to 3 years Amount	Due in more than 3 years Amount	Total
Repayable on maturity					
Over 4 years	-	-	5,000	-	5,000
Total face value	**-**	**-**	**5,000**	**-**	**5,000**
Interest accrued but not due					78.75
Impact of effective interest rate					(22.24)
Total amortised cost					**5,056.51**

-Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2025.

16.3 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of NCD				
	Due within 1 year Amount	Due in 1 to 2 years Amount	Due in 2 to 3 years Amount	Due in more than 3 years Amount	Total
Repayable on maturity					
Over 4 years	-	-	-	5,000	5,000
Total face value	**-**	**-**	**-**	**5,000**	**5,000**
Interest accrued but not due					78.76
Impact of effective interest rate					(31.24)
Total amortised cost					**5,047.52**

-Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2024.

17. Other financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Employee benefits payable	3,694.10	3,340.53
Advance received from customers	11,301.64	9,632.97
Book overdraft	214.17	8,998.28
Loan payable*	-	14,596.22
Lease liability (Refer note 31)	4,162.76	4,461.50
Amounts payable under Direct assignment & Co-lending arrangement	4,912.90	1,472.25
Total	**24,285.57**	**42,501.75**

*Towards request for disbursement received from borrowers against loans duly sanctioned and contracted.

18. Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
- Gratuity (refer note 36)	487.50	242.92
- Compensated absences	208.76	59.55
Total	**696.26**	**302.47**

19. Other non-financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues	1,103.66	1,708.16
Total	**1,103.66**	**1,708.16**

20. Equity share capital

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
AUTHORISED		
350,000,000 Equity Shares of ₹5 each	17,500.00	17,500.00
(As at March 31, 2024: 175,000,000 Equity Shares of ₹ 10 each)		
25,000,000 Preference Shares of ₹10 each	2,500.00	2,500.00
(As at March 31, 2024 : 25,000,000 Preference Shares of ₹ 10 each)		
	20,000.00	**20,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
251,823,232 Equity Shares of ₹5 each	12,591.16	12,591.16
(As at March 31, 2024 : 125,911,616 Equity Shares of ₹10 each)		
	12,591.16	**12,591.16**

The Board of Directors of the Company in its meeting held on April 4, 2024, and Shareholders in the Extraordinary General Meeting held on April 26, 2024, approved the sub-division of equity shares from ₹10 per share to ₹5 per share.

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

(₹ in Lakhs)

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,59,11,616	12,591.16	10,66,38,002	10,663.80
Shares issued during the year	-	-	1,92,73,614	1,927.36
Additional shares issued during the year pursuant to sub-division of equity shares	12,59,11,616	-	-	-
Shares outstanding at the end of the year	**25,18,23,232**	**12,591.16**	**12,59,11,616**	**12,591.16**

20.1 (b) Shares reserved for issue under employee stock option plan (ESOP)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Equity shares of ₹5 fully paid up		
Number of Shares reserved for ESOPs (Refer note 39)	1,14,31,626	85,32,082

20.1 (c) Rights, Preferences and Restrictions

The Company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	%	Number	%
Olive Vine Investment Ltd*	14,93,94,074	59.32%	7,46,97,037	59.32%
Kedaara Capital Growth Fund III LLP	3,53,77,880	14.05%	1,76,88,940	14.05%
International Finance Corporation Ltd	2,90,81,784	11.55%	1,45,40,892	11.55%
Alpha Investment Company LLC	2,58,80,662	10.28%	1,29,40,331	10.28%

* Including shares held jointly with nominee Shareholders.

20.1. (e) Shareholding of promoters
As at March 31, 2025

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of ₹5 each fully paid	Olive Vine Investment Ltd* (Holding Company)	7,46,97,037	7,46,97,037	-	14,93,94,074	59.32%	Nil

* Including shares held jointly with nominee Shareholders.

As at March 31, 2024

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of ₹10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	7,46,97,037	-	-	7,46,97,037	59.32%	Nil

* Including shares held jointly with nominee Shareholders.

20.1. (f) There are no shares that have been allotted during last 5 years pursuant to a contract without payment being received in cash, or by way of bonus shares. The Company has not bought back any class of shares during last 5 years.

21.Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Securities premium	2,88,159.40	2,88,163.93
General reserve	47.45	47.45
Statutory reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	23,459.08	13,374.54
Stock options reserve	2,835.86	1,904.22
Cash flow hedge reserve	(5,596.99)	(992.45)
Retained earnings	92,838.43	52,566.55
TOTAL	**4,01,743.23**	**3,55,064.24**

Note: For additions and deductions under each of the above heads, refer Statement of Changes in Equity.
Description of the nature and purpose of Other Equity

Securities premium
Securities premium account is used to record the premium on issue of shares and utilisation towards share issue expenses. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve
The general reserve is a free reserve, retained from Company's profits and can be utilised upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

Statutory reserve as per Section 45–IC of the RBI Act, 1934
Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared.

Stock option reserve

Stock options reserve represents the cumulative fair value of stock options recognised as employee cost over the period in accordance with Ind AS 102 'Share based payments'.

Cash flow hedge reserve

It represents the cumulative gain/(loss) arising on revaluation of the derivative instruments designated as cash flow hedges through other comprehensive income.

Retained earnings

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

22.Interest income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial assets measured at amortised cost		
- Interest income on loans	1,96,370.24	1,38,642.99
- Interest income on fixed deposits with banks	3,128.19	4,429.85
- Interest income from treasury bills	1,801.80	1,220.20
Total	**2,01,300.23**	**1,44,293.04**

23.Fees and commission income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Type of services		
Referral commission	5,920.21	5,180.02
Commission income*	11,861.61	9,294.72
Prepayment, other fees and charges	4,923.34	3,954.92
Total	**22,705.16**	**18,429.66**

*Includes insurance commission of ₹5,535.72 lakhs for the year ended March 31, 2025 and ₹4,461.28 lakhs for the year ended March 31, 2024.

Revenue from contracts with customers

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

Geographical markets		
- India	22,705.16	18,429.66
- Outside India	-	-
Total	**22,705.16**	**18,429.66**

Timing of revenue recognition		
Services transferred at a point in time	22,705.16	18,429.66
Services transferred over time	-	-
Total	**22,705.16**	**18,429.66**

Note: For receivable balances against the income, refer note no 6.

24.Net gain on fair value changes

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Realised gain on sale of mutual funds - at FVTPL	1,466.76	1,324.94
Total	**1,466.76**	**1,324.94**

25.Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	87,349.42	56,115.75
Interest on debt securities	33,181.53	30,099.89
Interest on subordinated liabilities	480.24	737.45
Finance cost on lease liability	371.08	80.88
Other finance charges	317.46	529.82
Total	**1,21,699.73**	**87,563.79**

Note: There are no financial liabilities measured at FVTPL.

26.Impairment of financial instruments

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial assets measured at amortised cost		
Expected credit loss		
-Loans	4,633.07	3,321.10
-Other financial assets	(47.71)	-
Bad debts written off		
-Loans	1,836.15	4,638.11
-Other financial assets	47.71	-
Total	**6,469.22**	**7,959.22**

27.Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, bonus and other allowances	14,756.01	12,414.87
Contribution to provident fund and other funds (refer note 36)	627.78	485.02
Gratuity (refer note 36)	164.17	117.46
Employee share based payment expenses	931.64	747.90
Staff welfare expenses	439.96	281.46
Total	**16,919.56**	**14,046.71**

28.Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Business sourcing expenses	4,966.23	4,113..42
Information technology expense	4,088.08	3,645.62
Manpower Outsourcing	2,515.52	1,698.41
Legal and professional expenses	2,197.93	2,077.60
Travelling and conveyance	1,408.57	1,110.01
Rating fees	719.05	437.17
Corporate social responsibility expenses (refer note 35)	507.38	231.00
Rent	265.63	227.74
Advertising	259.12	78.43
Insurance charges	249.84	190.07
Housekeeping expenses	247.70	172.13
Postage, Telephone and Fax	273.55	263.98
Rates and taxes	200.82	96.51
Printing and stationery	195.01	133.05
Electricity charges	148.69	103.98
Membership and subscription	120.41	66.44
Director's sitting fees and commission	119.68	90.26
Office maintenance	106.08	79.78
Auditors' Remuneration (refer note below)	96.27	100.26
Bank charges	73.64	27.45
Security charges	23.02	15.71
Miscellaneous Expenses	245.80	287.18
Total	**19,028.02**	**15,246.20**

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) For audit and limited reviews	81.75	81.74
b) For certification	12.81	15.26
c) For reimbursement of expenses	1.71	3.26
Total	**96.27**	**100.26**

Excludes remuneration amounting to Rs. 78.12 lakhs (including GST) paid to the auditors during the year ended March 31, 2025 for services in connection with initial public offer of equity shares of the Company, disclosed as part of prepaid expenses in note 12.

(₹ in Lakhs)

29	Earning Per Equity Share	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
A	Profit attributable to equity share holders (₹ in lakh)	50,422.68	34,256.97
B	Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	25,18,23,232	22,23,59,825
	Effect of dilution:		
	Employee stock options	90,25,659	51,96,545
C	Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	26,08,48,891	22,75,56,370
	Basic earnings per share (₹) (A/B)	20.02	15.41
	Diluted earnings per share (₹) (A/C)	19.33	15.05
	Nominal value per share (₹)*	5.00	5.00

*The Board of Directors of the Company in its meeting held on April 4, 2024, and Shareholders in the Extraordinary General Meeting held on April 26, 2024, approved the sub-division of equity shares from ₹10 per share to ₹5 per share. Accordingly, the earnings per share for the earlier years have been recalculated based on revised number of shares.

(₹ in Lakhs)

Sr. No.	Particulars	As at March 31, 2025	As at March 31, 2024
30	**Contingent liabilities and capital commitments**		
	Contingent liabilities:		
	Against income tax appeal filed (refer note 1)	316.83	316.83
	Capital commitments:		
	Undisbursed commitments on loans	1,00,829.59	1,05,841.09
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	240.11	740.17

1. The Company paid income tax demand amounting to ₹733.67 lakhs for assessment year 2020-21 and ₹100.78 lakhs for assessment year 2021-22 under protest.
2. The Company is involved in certain litigations, including claims from revenue authorities, cases by/against customers, dispute with a third party towards invocation of guarantee and other matters arising in the normal course of business. These matters are pending at various forums and different stages of legal proceedings. The Company has assessed the possible obligations arising from such claims, in accordance with the requirements of Ind AS 37, considering judicial precedents, consultation with lawyers and past experience. Accordingly, the Company is of the view that based on information currently available, no provision or disclosure as contingent liability is considered necessary in respect of these matters except as disclosed above.

31 Leases

The Company has taken office premises on lease. Leases of rented offices are having a lease term of 3 to 5 years.
In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of leases are made.

The Company has recognised lease liabilities and right to use assets as follows: *(₹ in Lakhs)*

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	**Lease Liabilities**		
	Opening Balance	4,461.50	405.56
	Add: Lease liabilities recognised during the year	586.40	4,592.33
	Less: Lease liabilities written off during the year	-	-
	Add: Interest accrued on lease liabilities	371.08	80.88
	Less: Lease payments*	(1,256.22)	(617.27)
	Closing Balance of Lease Liabilities	**4,162.76**	**4,461.50**
II.	**Right of use assets (RoU assets)**		
	Opening balance	4,401.59	348.58
	Add: RoU assets recognised during the year	586.40	4,592.33
	Less: RoU assets written off during the year	-	-
	Less: Depreciation on RoU assets	(1,097.06)	(539.32)
	Closing balance of RoU assets	**3,890.93**	**4,401.59**

* Refer Statement of Cashflow
1. The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.

Table showing contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Less than one year	1,341.35	1,232.85
One to five years	3,572.29	4,197.10
More than five years	-	-
Total	**4,913.64**	**5,429.95**

Amount Recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on lease liabilities charged to finance cost	371.08	80.88
Depreciation charge for the year on RoU assets	1,097.06	539.32
Expense relating to short-term leases (included in Rent expenses under note 28 "Other expenses")	265.63	227.74
Expense relating to leases of low-value assets (included in Rent expenses under note 28 "Other expenses")	-	-
Total	**1,733.77**	**847.94**

Cash out flow on account of lease payments is ₹1,256.22 lakhs (corresponding previous year ₹617.27 lakhs)

- The Company does not face significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.
- Leases not yet commenced to which the Company is committed during the year ended March 31, 2025 and March 31, 2024 - Nil.
- For the year ended March 31, 2025 and March 31, 2024:

a. The Company did not have any variable lease payments;
b. There were no significant restrictions or covennats imposed by lessor;
c. The Company did not have any sale and leaseback transaciton.

32 Segment Reporting

The Company has only one reportable business segment, i.e. lending to borrowers within India. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment. No revenue from transactions with a single external customer aggregate to 10% or more of the Company's total revenue during the year ended March 31, 2025 and year ended March 31, 2024. The Company has its operation within India and all revenues are generated within India.

33 Change in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	As at April 01, 2024	Cash Flows (Net)	Others (net)*	As at March 31, 2025
Debt securities	3,05,343.64	69,151.20	(2,535.14)	3,71,959.70
Borrowing other than debt securities	7,03,133.72	3,61,995.41	875.90	10,65,986.64
Subordinated liabilities	5,047.52	-	8.99	5,056.51
Lease Liability	4,461.50	(1,256.22)	957.48	4,162.76

Particulars	As at April 01, 2023	Cash Flows (Net)	Others (net)*	As at March 31, 2024
Debt securities	2,82,387.50	13,500.00	9,456.14	3,05,343.64
Borrowing other than debt securities	4,30,917.78	2,75,844.63	(3,628.69)	7,03,133.72
Subordinated liabilities	7,707.35	(2,500.00)	(159.83)	5,047.52
Lease Liability	405.56	(617.27)	4,673.21	4,461.50

*Includes the effect of change in interest accrued but not due on borrowing, amortisation of borrowing cost and mark to market gain/(loss) on revaluation of external commercial borrowings.

34 Transfer of financial assets

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Loans and advances measured at amortised cost	As at March 31, 2025	As at March 31, 2024
Carrying amount of transferred assets measured at amortised cost	18,716.68	26,791.14
Carrying amount of associated liabilities measured at amortised cost	(6,849.12)	(16,387.68)

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

a Gross amount required to be spent by the Company & approved by the board for the year ended March 31, 2025 – ₹507.38 lakhs (for the year ended March 31, 2024 – ₹231 lakhs).

b Amount spent by the Company during the year

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025			For the year ended March 31, 2024		
	Amount spent	Amount unpaid/ provision	Total	Amount spent	Amount unpaid/ provision	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above	507.38	-	507.38	231.00	-	231.00

c In case of Section 135(5) unspent amount

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	507.38	507.38	-

March 31, 2024

(₹ 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
-	-	231.00	231.00	-

d In case of Section 135(5) Excess amount spent

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	507.38	507.38	-

March 31, 2024

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	231.00	231.00	-

e In case of Section 135(6) Details of ongoing projects

March 31, 2025 *(₹ in Lakhs)*

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In separate CSR unspent account		From Company's bank account	From separate CSR unspent account	With Company	In separate CSR unspent account
-	-	507.38	507.38	-	-	-

March 31, 2024 *(₹ in Lakhs)*

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In separate CSR unspent account		From Company's bank account	From separate CSR unspent account	With Company	In separate CSR unspent account
-	-	231.00	231.00	-	-	-

f Nature of CSR activities

CSR activities conducted during the year were focused on promoting education, skill building, training the teachers and building the education ecosystems for deserving underserved Indian students.

36 Employee Benefit:

Defined contribution plan

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

The Company's contribution to Provident Fund aggregating ₹627.78 lakhs (for the year ended March 31, 2024: ₹484.79 lakhs) has been recognised in the Statement of Profit and Loss under the head "Employees benefit expenses".

The Company's contribution to National Pension Scheme aggregating ₹79.02 lakhs (for the year ended March 31, 2024: ₹60.15 lakhs) has been recognised in the Statement of Profit and Loss under the head "Employees benefit expenses".

Defined benefit obligation plan

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

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

Investment/Interest Rate Risk:

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

Longevity Risks:

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

Salary Risks:

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

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

Particulars	As at March 31, 2025	As at March 31, 2024
Significant assumptions		
Discount rate	6.40%	6.92%
Expected rate of salary increase	8.00%	10.00%
Attrition rate	19.00%	37.00%
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 Lakh)

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of defined benefit obligation	662.85	406.95
Fair value of plan assets	175.35	164.03
Net liability	**487.50**	**242.92**

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

(₹ in Lakh)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	151.61	111.09
Net interest cost	12.56	6.37
Past service cost	-	-
Total amount recognised in statement of profit and loss	**164.17**	**117.46**
Remeasurements on the net defined benefit liability :		
- Actuarial (gain)/loss	88.55	18.02
Total amount recognised in other comprehensive income	**88.55**	**18.02**
Total	**252.72**	**135.48**

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 Lakh)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening defined benefit obligation	**406.95**	**290.40**
Current service cost	151.61	111.09
Past service cost	-	-
Interest cost	23.91	17.17
Remeasurements (gains)/losses:		
- Actuarial gain from change in demographic assumptions	89.49	-
- Actuarial loss from change in financial assumptions	(31.54)	1.01
- Actuarial gain from change in experience adjustments	30.57	16.55
Benefits paid	(8.14)	(29.27)
Closing defined benefit obligation	**662.85**	**406.95**

e) Movement in the fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening fair value of plan assets	**164.03**	**153.71**
Interest income	11.36	10.79
Return on plan assets (excluding interest income)	(0.04)	(0.47)
Contributions by employer	-	-
Adjustment due to change in opening balance of plan assets	-	-
Actual Benefits paid	-	-
Closing fair value of plan assets	**175.35**	**164.03**

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

(₹ in Lakh)

Particulars	31-Mar-25		March 31, 2024	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Defined benefit obligation on increase in 100 bps	632.16	687.31	397.12	413.89
Impact of increase in 100 bps on defined benefit obligation	(4.63%)	3.69%	(2.41%)	1.71%
Defined benefit obligation on decrease in 100 bps	696.43	639.47	417.32	400.08
Impact of decrease in 100 bps on defined benefit obligation	5.07%	(3.53%)	2.55%	(1.69%)

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

There is no change in the method of valuation for the prior years in preparing the sensitivity analysis. For change in assumptions refer to note (a) above.
Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

g) Projected benefits payable:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Expected benefits for year 1	90.70	122.84
Expected benefits for year 2	90.01	94.54
Expected benefits for year 3	90.25	75.85
Expected benefits for year 4	92.22	58.91
Expected benefits for year 5	94.04	45.06
Expected benefits for year 6 to 10	283.21	82.51

The weighted average duration to the payment of these cash flows is 3.94 years (As at March 31, 2024: 1.68 years)

The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

The Company expects to contribute approximately Rs 487.50 lakhs (FY 2023-24- Rs 242.92 lakh) to the gratuity fund.

h) Investment pattern:

Particulars	As at March 31, 2025	As at March 31, 2024
Policy of insurance	100%	100%
Total	**100%**	**100%**

37 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

(iii) Directors
Mr. Neeraj Swaroop - Independent director
Mrs. Vijayalakshmi Iyer - Independent director
Mr. Narendra Ostawal - Non executive director
Mrs. Savita Mahajan - Independent director
Mr. Ravi Venkatraman - Independent director
Mr. Amit Gainda - Managing Director and Chief Executive Officer
Mr. Hemant Mundra - Non executive director (appointed w.e.f. July 1, 2024)
Mr. Sunish Sharma - Non executive director (appointed w.e.f. July 1, 2024)
Mr. Luca Molinari - Non executive director (appointed w.e.f. July 1, 2024)
Mr. Rakesh Bhatt - Independent director (appointed w.e.f. March 8, 2025)

Key Management Personnel
Mr. Amit Gainda - Managing Director and Chief Executive Officer
Mr. Vineet Mahajan - Chief Financial Officer (resigned w.e.f February 20, 2024)
Mr. Vikrant Gandhi - Chief Financial Officer (appointed w.e.f. February 21, 2024)
Mr. Rajesh Gandhi - Company Secretary

(iv) Details of transactions with related parties

(₹ in Lakhs)

Name of the related party	For the year ending ending March 31, 2025	For the year ending ending March 31, 2024
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	-	2,672.79
Reimbursement of expenses	8.49	73.50
Common support cost- recharge	47.23	25.22
Key Management Personnel (KMP) Remuneration		
Short-term employee benefits	872.66	792.96
Share-based payment:		
Equity shares issued pursuant to stock option scheme	-	496.86
Director's Commission		
Mr. Neeraj Swaroop	21.80	21.80
Mrs. Vijayalakshmi Iyer	10.90	10.90
Mrs. Savita Mahajan	10.90	10.90
Mr. Ravi Venkatraman	10.90	10.90
Mr. Rakesh Bhatt	0.65	-
Sitting Fees		
Mr. Neeraj Swaroop	16.17	9.16
Mrs. Vijayalakshmi Iyer	15.91	9.16
Mrs. Savita Mahajan	15.70	8.28
Mr. Ravi Venkatraman	16.20	9.16
Mr. Rakesh Bhatt	0.55	-

(₹ in Lakhs)

Balances as at	March 31, 2025	March 31, 2024
Avanse Global Finance IFSC Private Limited		
Investment in equity shares	2,673.79	2,673.79
Receivables	169.65	114.35
Director's Commission		
Mr. Neeraj Swaroop	21.80	21.80
Mrs. Vijayalakshmi Iyer	10.90	10.90
Mrs. Savita Mahajan	10.90	10.90
Mr. Ravi Venkatraman	10.90	10.90
Mr. Rakesh Bhatt	0.65	-
Sitting Fees Payable		
Mr. Rakesh Bhatt	0.55	-
Mrs. Vijayalakshmi Iyer	-	0.44

37.1 There are no provision for doubtful debts/advances or amounts written off or written back for debts due from/due to related parties.

37.2 The transactions disclosed above are inclusive of GST, for which input tax credit is not available to the Company.

37.3 Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

38 Maturity Analysis of Assets and Liabilities

(₹ in Lakhs)

Sr. No.	Assets	March 31, 2025 Within 12 months	March 31, 2025 After 12 months	March 31, 2025 Total	March 31, 2024 Within 12 months	March 31, 2024 After 12 months	March 31, 2024 Total
(1)	**Financial assets**						
(a)	Cash and cash equivalents	1,17,419.50	-	1,17,419.50	1,27,579.33	-	1,27,579.33
(b)	Bank balances other than (a) above	7,685.91	832.19	8,518.10	20,195.49	2,765.25	22,960.74
(c)	Derivative financial instruments	12.70	1,714.99	1,727.69	-	33.21	33.21
(d)	Trade receivables	2,174.36	-	2,174.36	919.38	-	919.38
(e)	Loans	2,88,647.50	14,36,304.53	17,24,952.03	2,26,075.40	10,13,589.51	12,39,664.91
(f)	Investments	24,373.52	2,673.79	27,047.31	24,314.56	2,673.79	26,988.35
(g)	Other financial assets	667.56	1,481.89	2,149.45	421.95	1,138.60	1,560.55
		4,40,981.05	**14,43,007.39**	**18,83,988.44**	**3,99,506.11**	**10,20,200.36**	**14,19,706.47**
(2)	**Non-financial assets**						
(a)	Current tax assets (net)	-	400.68	400.68	-	1,873.87	1,873.87
(b)	Deferred tax assets (net)	-	1,658.32	1,658.32	-	936.01	936.01
(c)	Property, plant and equipment	-	4,257.23	4,257.23	-	2,330.10	2,330.10
(d)	Capital work-in-progress	-	-	-	-	886.70	886.70
(e)	Right of use assets	-	3,890.93	3,890.93	-	4,401.59	4,401.59
(f)	Intangible assets under development	-	126.48	126.48	-	1,128.94	1,128.94
(g)	Other intangible assets	-	2,154.47	2,154.47	-	1,138.70	1,138.70
(h)	Other non-financial assets	1,048.58	3,492.42	4,541.00	538.12	1,426.73	1,964.85
		1,048.58	**15,980.53**	**17,029.11**	**538.12**	**14,122.64**	**14,660.76**
	Total	**4,42,029.63**	**14,58,987.92**	**19,01,017.55**	**4,00,044.23**	**10,34,323.00**	**14,34,367.23**
	Liabilities						
(1)	**Financial liabilities**						
(a)	Derivative financial instruments	4,093.56	562.77	4,656.33	-	1,163.90	1,163.90
(b)	Trade payables	8,583.26	-	8,583.26	7,510.67	-	7,510.67
(c)	Debt securities	1,02,328.39	2,69,631.31	3,71,959.70	1,26,514.61	1,78,829.03	3,05,343.64
(d)	Borrowings (other than debt securities)	2,63,682.65	8,06,659.22	10,70,341.87	1,84,625.39	5,18,508.33	7,03,133.72
(e)	Subordinated liabilities	78.76	4,977.75	5,056.51	78.76	4,968.76	5,047.52
(f)	Other financial liabilities	10,029.35	14,256.22	24,285.57	32,370.84	10,130.91	42,501.75
	Total financial liabilities	**3,88,795.97**	**10,96,087.27**	**14,84,883.24**	**3,51,100.27**	**7,13,600.93**	**10,64,701.20**
(2)	**Non-financial liabilities**						
(a)	Provisions	-	696.26	696.26	-	302.47	302.47
(b)	Other non-financial liabilities	1,103.66	-	1,103.66	1,708.16	-	1,708.16
	Total non-financial liabilities	1,103.66	696.26	1,799.92	1,708.16	302.47	2,010.63
	Total	**3,89,899.63**	**10,96,783.53**	**14,86,683.16**	**3,52,808.43**	**7,13,903.40**	**10,66,711.83**

39 The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 4,826,799 equity shares of the face value of ₹10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 62 of the Companies Act, 2013.

The shareholders of the Company vide their special resolution passed at its 18th extra ordinary general meeting held on February 5, 2020 approved the issue of equity shares of the Company under Avanse Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

The Company has also adopted the "Avanse Financial Services Limited Employee Stock Option Plan, 2024" pursuant to the resolution passed by the Board of Directors on May 14, 2024 and a special resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on June 20, 2024.

The Board of Directors of the Company in its meeting held on April 4, 2024 and Shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from ₹10 per share to ₹5 per share.

Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employment with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination, Remuneration and Compensation Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, sixteen grants have been made as of March 31, 2025, details of which, are given as under:

As on March 31, 2025

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,544	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	19,85,154	3,89,082	73,530	14,134	27,232	3,51,420
Option unvested	30,13,364	-	-	-	-	1,17,128
Option exercised	8,91,834	46,504	2,358	5,770	-	-
Option cancelled	9,65,192	4,93,896	69,358	5,79,426	55,094	47,894
Option outstanding	49,98,518	3,89,082	73,530	14,134	27,232	4,68,548
Weighted average remaining contractual life (years)	0.16	0.85	1.17	1.50	1.86	2.10

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	2,74,632	1,05,000	-	1,87,500	45,000	1,68,692
Option unvested	91,510	1,75,000	-	3,12,500	15,000	1,68,684
Option exercised	-	-	-	-	-	-
Option cancelled	1,78,948	-	1,00,000	-	-	78,888
Option outstanding	3,66,142	2,80,000	-	5,00,000	60,000	3,37,376
Weighted average remaining contractual life (years)	2.17	2.37	2.51	2.56	2.67	3.17

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024
Exercise price	226.00	347.50	347.50	347.50
Option granted	3,69,072	3,92,882	1,95,428	29,66,950
Option vested and exercisable	1,30,896	1,36,440	48,857	3,81,738
Option unvested	2,30,908	2,56,442	1,46,571	25,85,212
Option exercised	-	-	-	-
Option cancelled	7,268	-	-	-
Option outstanding	3,61,804	3,92,882	1,95,428	29,66,950
Weighted average remaining contractual life (years)	3.60	3.96	4.08	4.34

As on March 31, 2024

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,542	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	19,85,152	2,95,174	55,446	1,29,730	15,512	1,21,154
Option unvested	30,13,364	99,776	57,806	8,078	13,612	3,51,408
Option exercised	8,91,834	46,504	2,358	5,770	-	-
Option cancelled	9,65,192	4,88,028	29,636	4,55,752	53,202	43,880
Option outstanding	49,98,516	3,94,950	1,13,252	1,37,808	29,124	4,72,562
Weighted average remaining contractual life (years)	0.85	1.85	2.17	2.50	2.86	3.10

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	1,09,118	35,000	12,500	62,500	15,000	-
Option unvested	3,02,950	2,45,000	-	4,37,500	45,000	3,59,348
Option exercised	-	-	-	-	-	-
Option cancelled	1,33,022	-	87,500	-	-	56,916
Option outstanding	4,12,068	2,80,000	12,500	5,00,000	60,000	3,59,348
Weighted average remaining contractual life (years)	3.17	3.37	3.51	3.56	3.67	4.17

Grant Date	November 7, 2023	March 15, 2024
Exercise price	226.00	347.50
Option granted	3,69,072	3,92,882
Option vested and exercisable	-	-
Option unvested	3,69,072	3,92,882
Option exercised	-	-
Option cancelled	-	-
Option outstanding	3,69,072	3,92,882
Weighted average remaining contractual life (years)	4.60	4.96

Weighted average fair value of stock options granted during the year is as follows:

Particulars	31-Mar-25	31-Mar-24
Grant date	30-Apr-24 02-Aug-24	01-Jun-23 07-Nov-23 15-Mar-24
No. of option granted	31,62,378	11,78,218
Weighted average fair value ₹	80.80	179.61

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	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Risk Free Interest Rate (%)	6.1	5.48	5.55	5.47	5.47	7.18
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	17.57	24.53	25	24.93	24.93	23.99
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	76	97	97	115	115	115

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Risk Free Interest Rate (%)	7.18	7.18	7.24	7.24	7.13	7.24
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	23.99	23.99	24.15	24.15	24.42	25.01
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	115	115	115	115	182	226

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024
Risk Free Interest Rate (%)	7.24	6.91	6.91	6.91
Expected life	4 years	4 years	4 years	4 years
Expected volatility	25.01	13.38	13.38	13.38
Dividend yield	-	-	-	-
Fair market value at the time of option grant (₹)	226	348	348	348

The charge on account of above scheme of ₹931.64 lakhs for the year ended March 31, 2025 is included in employee benefit expense (For the year ended March 31, 2024: ₹747.90 lakhs).

40 Financial Instruments

40.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimsation 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 as amended 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 CAR, which was computed on the basis of the applicable RBI requirements, is as below.

Capital Risk Adequacy Ratio (CRAR) *(₹ in Lakhs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Funds		
Net owned funds (Tier I Capital)	3,92,142.46	3,49,860.13
Tier II Capital	11,805.65	7,602.14
Total capital funds	**4,03,948.11**	**3,57,462.27**
Total risk weighted assets/exposures	**18,00,491.77**	**12,98,903.04**
% of capital funds to risk weighted assets/exposures		
Tier I capital	21.78%	26.94%
Tier II capital	0.66%	0.58%
Total capital funds	**22.44%**	**27.52%**

Adjustment for credit enhancements towards securitisation transactions from Tier I and Tier II capital is capped at the lower of (a) 15% of securitised portfolio outstanding; and (b) outstanding credit enhancements, pursuant to Company's submission to RBI in this regard.

40.2 Fair Value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Accounting classifications and fair values

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2025

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument- Asset	March 31, 2025	-	1,727.69	-	**1,727.69**
Derivative financial instrument- Liability	March 31, 2025	-	4,656.33	-	**4,656.33**

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2024

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument- Asset	March 31, 2024	-	33.21	-	**33.21**
Derivative financial instrument- Liability	March 31, 2024	-	1,163.90	-	**1,163.90**

Notes:

a Derivative financial instruments are through FVOCI on account of hedge accounting.

b) Derivatives are fair valued using observable foreign exchange rates and interest rates.

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2025 and year ended March 31, 2024.

40.3 Fair value measurement

Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are measured at amortised cost in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables and trade and other payables as on March 31, 2025 and March 31, 2024 approximate the fair value because of their short-term nature. Since a significant portion of the loans are floating rate, their carrying amounts approximates their fair values. Difference between carrying amount and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the year presented.

As at March 31, 2025	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	17,24,952.03	-	-	17,24,952.03	17,24,952.03
Investments	27,047.31	24,373.52	-	2,673.79	27,047.31
Financials Liabilities					
Debt securities	3,71,959.70	-	-	3,69,904.44	3,69,904.44
Borrowings (other than debt securities)	10,70,341.87	-	-	10,68,238.39	10,68,238.39
Subordinated Liabilities	5,056.51	-	-	5,008.43	5,008.43

As at March 31, 2024	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	12,39,664.91	-	-	12,39,664.91	12,39,664.91
Investments	26,988.35	24,314.56	-	2,673.79	26,988.35
Financials Liabilities					
Debt securities	3,05,343.64	-	-	3,03,093.42	3,03,093.42
Borrowings (other than debt securities)	7,03,133.72	-	-	7,02,622.30	7,02,622.30
Subordinated Liabilities	5,047.52	-	-	4,951.82	4,951.82

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.

40.4 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

Credit risk
Operational risk
Liquidity risk
Market risk (including interest rate risk)
Foreign currency risk and
Price risk

Risk management framework

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

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 amount due to the Company. In its lending operations, the Company is principally exposed to credit risk.

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

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

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

Credit exposures are sanctioned based on delegation of credit authority as defined under credit policy. The Company measures, monitors and manages credit risk at an individual/portfolio level for education institute loans and at portfolio level for education loans. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

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

Category	Description	Basis for recognising expected credit losses
Stage 1	High quality assets	12 Month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL

The key elements in calculation of ECL are as follows

Expected credit losses are a probability weighted estimate of credit losses. The calculation of ECL by the Company involves portfolio classification, calculation of probability of default (PD) and calculation of loss given default (LGD).

The Company's loan portfolio primarily comprises of loans to students and loans to education institutions. Further, the Company has stratified its portfolio into smaller risk pools covering the major geographies for student loans such as the USA, UK, Canada and rest of the world.

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The TTC (through the cycle) PD has been determined based on historical behaviour of the book and following roll rate approach which is based on observed default rate. Macro-economic factors are applied on the TTC (through the cycle) PD to arrive at forward looking PD.

EAD – The estimated credit exposure at point of default.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on valuation of collaterals and other relevant factors. For both secured and unsecured portfolio where sufficient historic recovery data for default accounts is available, the loss given default is determined based on the recovery since the date of first default on loan accounts.

The Company, considering the macroeconomic environment and other available information, estimated various scenarios and applied management overlay while arriving at the provision for expected credit loss.

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 ₹157,700 lakh undrawn lines of credit as of March 31, 2025 as against ₹48,300 lakh as of March 31, 2024 from its bankers for working capital requirements.
The Company has the right to draw upon these lines of credit based on its requirement and terms of draw down.

Exposure to liquidity risk

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

(₹ in Lakhs)

	Contractual cash flows				
March 31, 2025	**Total**	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Derivative financial instruments	4,656.33	4,093.55	562.78	-	-
Trade payables	8,583.26	8,583.26	-	-	-
Debt securities	4,28,614.72	1,21,842.57	2,93,078.13	13,694.02	-
Borrowings (other than debt securities)	12,82,363.56	3,54,152.79	7,27,359.48	1,80,496.39	20,354.90
Subordinated liabilities	6,251.44	471.25	5,780.19	-	-
Other financial liabilities	24,285.57	10,029.35	2,613.70	11,642.52	-
Total	**17,54,754.88**	**4,99,172.77**	**10,29,394.28**	**2,05,832.93**	**20,354.90**
Financial Assets					
Derivative financial instruments	1,727.69	12.70	1,203.20	511.79	-
Cash and cash equivalents	1,17,419.50	1,17,419.50	-	-	-
Other bank balances	8,518.10	7,685.91	832.19	-	-
Loans	32,58,151.89	1,63,857.78	6,27,476.27	7,44,617.07	17,22,200.77
Investments	27,047.31	24,373.52	-	-	2,673.79
Trade receivables	2,174.36	2,174.36	-	-	-
Other financial assets	2,149.45	667.56	74.02	627.72	780.16
Total	**34,17,188.30**	**3,16,191.33**	**6,29,585.68**	**7,45,756.58**	**17,25,654.71**

(₹ in Lakhs)

March 31, 2024	Total	Contractual cash flows			
		0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	1,163.90	-	-	-	1,163.90
Trade payables	7,510.69	7,510.69	-	-	-
Debt securities	3,44,516.09	1,42,266.14	1,99,279.95	2,970.00	-
Borrowings (other than debt securities)	8,51,687.09	2,43,255.66	4,56,918.78	1,40,885.28	10,627.37
Subordinated liabilities	6,722.69	471.25	942.50	5,308.94	-
Other financial liabilities	42,501.74	32,370.84	160.33	-	9,970.57
Total	**12,54,102.20**	**4,25,874.58**	**6,57,301.56**	**1,49,164.22**	**21,761.84**
Financial Assets					
Derivative financial instruments	33.21	-	-	-	33.21
Cash and cash equivalents	1,27,579.33	1,27,579.33	-	-	-
Other bank balances	22,960.74	20,195.49	308.96	-	2,456.29
Loans	22,85,321.81	1,16,113.59	4,11,815.56	5,75,984.89	11,81,407.77
Investments	26,988.35	24,314.56	-	-	2,673.79
Trade receivables	919.38	919.38	-	-	-
Other financial assets	1,560.55	421.95	116.82	629.84	391.94
Total	**24,65,363.37**	**2,89,544.30**	**4,12,241.34**	**5,76,614.73**	**11,86,963.00**

The gross inflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities and financial assets 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 and fixed 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.

(₹ in Lakhs)

Particulars	March 31, 2025	March 31, 2024
Financial assets		
Fixed-rate instruments		
Term loans	55,285.35	22,585.47
Investment in treasury bill	24,373.52	24,314.56
Floating-rate instruments		
Term loans	16,69,666.68	12,17,079.44
Total	**17,49,325.55**	**12,63,979.47**
Financial liabilities		
Fixed-rate instruments		
Non convertible debentures	1,43,360.55	1,85,020.44
Subordinated liabilities	5,056.51	5,047.52
Commercial paper	14,242.19	-
Securitisation liabilities	4,266.99	12,552.83
Loan from Financial Institutions	-	10,006.12
Loan from Banks	-	-
External commercial borrowing	1,80,661.48	83,450.32
Floating-rate instruments		
Loan from Banks	8,08,399.64	5,73,369.29
Loan from Financial Institutions	21,858.60	8,769.68
Cash credit	1,519.78	1,628.72
Securitisation liabilities	2,582.13	3,834.85
External commercial borrowing	51,053.25	9,521.91
Non convertible debentures	2,14,356.96	1,20,323.20
Total	**14,47,358.08**	**10,13,524.88**

Fair value sensitivity analysis for Floating-rate instruments

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

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

(₹ in Lakhs)

Particulars	March 31, 2025		March 31, 2024	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans				
Term loans	16,696.67	(16,696.67)	12,170.79	(12,170.79)
Floating rate borrowings				
Loan from Banks	(8,084.00)	8,084.00	(5,733.69)	5,733.69
Loan from Financial Institutions	(218.59)	218.59	(87.70)	87.70
Cash credit	(15.20)	15.20	(16.29)	16.29
Securitisation liabilities	(25.82)	25.82	(38.35)	38.35
External commercial borrowing	(510.53)	510.53	(95.22)	95.22
Non convertible debentures	(2,143.57)	2,143.57	(1,203.23)	1,203.23
	5,698.96	**(5,698.96)**	**4,996.31**	**(4,996.31)**

v) Foreign Currency Risk

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

Disclosure of effects of hedge accounting on financial position *(₹ in Lakhs)*

Type of hedge and risks	Nominal amount		Carrying amount of hedging instruments		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line in the balance sheet
Cash flow hedge- Foreign exchange forward contracts (Cross currency swaps)	Assets	Liabilities	Assets	Liabilities				
March 31, 2025								
INR USD - Cross currency swap		2,27,669.03	1,715.00	4,656.33	14 December 2026 08 November 2027 15 November 2027 20 March 2028 28 March 2028 08 May 2028 28 June 2029	(1,810.64)	1,33,238.92	Derivative Financial Instruments
Interest rate swap		-	12.70	-		12.70	-	
March 31, 2024								
INR USD - Cross currency swap		94,234.58	33.21	1,163.90	20 June 2030 26 December 2036	33.21	(11,170.93)	Derivative Financial Instruments

Disclosure of effects of hedge accounting on financial performance

(₹ in Lakhs)

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge- Cross currency interest rate swaps and interest rate swaps				
March 31, 2025	(6,153.17)	-	-	-
March 31, 2024	(1,326.23)	-	-	-

VI) Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of surplus liquidity in Mutual Funds, mainly in highly liquid overnight funds for short durations and Treasury Bills. The Company has a Board approved policy of investing its surplus liquidity in top 20 mutual funds based on AUM, Government Securities (including T-Bills) and other instruments having insignificant price risk, not being equity funds/risk bearing instruments.

41 The below disclosures required pursuant to the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulations) Directions - 2023 as amended

41.01 Disclosure requirements pursuant to the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulations) Directions - 2023 as amended - para 2 of Prudential Floor of ECL

March 31, 2025 *(₹ in Lakhs)*

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	17,26,170.26	10,088.00	17,16,082.26	6,908.66	3,179.34
	Stage 2	11,366.82	2,947.23	8,419.59	608.86	2,338.37
Subtotal		**17,37,537.08**	**13,035.23**	**7,24,501.85**	**7,517.52**	**5,517.71**
Non-Performing Assets						
Substandard	Stage 3	2,335.74	1,704.07	631.67	233.57	1,470.50
Doubtful						
Upto 1 year	Stage 3	847.39	797.44	49.95	444.54	352.90
1 to 3 years	Stage 3	1,180.29	1,180.29	-	506.50	673.79
More than 3 years	Stage 3	84.34	84.34	-	57.89	26.45
Subtotal for doubtful		**2,112.02**	**2,062.07**	**49.95**	**1,008.93**	**1,053.14**
Loss Assets	Stage 3	3.64	3.64	-	3.64	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,00,829.59	231.44	1,00,598.15	-	231.44
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**1,00,829.59**	**231.44**	**1,00,598.15**	**-**	**231.44**
Total	Stage 1	18,26,999.85	10,319.44	18,16,680.41	6,908.66	3,410.78
	Stage 2	11,366.82	2,947.23	8,419.59	608.86	2,338.37
	Stage 3	4,451.40	3,769.78	681.62	1,246.14	2,523.64
		18,42,818.07	**17,036.45**	**18,25,781.62**	**8,763.66**	**8,272.79**

March 31, 2024

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	12,34,742.65	5,648.63	12,29,094.02	5,014.73	633.90
	Stage 2	12,002.17	2,863.35	9,138.82	672.26	2,191.09
Subtotal		**12,46,744.82**	**8,511.98**	**12,38,232.84**	**5,686.99**	**2,824.99**
Non-Performing Assets						
Substandard	Stage 3	2,695.17	1,284.29	1,410.88	269.52	1,014.77
Doubtful						
Upto 1 year	Stage 3	1,403.71	1,284.11	119.60	482.10	802.01
1 to 3 years	Stage 3	544.77	467.67	77.10	307.17	160.50
More than 3 years	Stage 3	663.74	658.62	5.12	358.06	300.56
Subtotal for doubtful		**2,612.22**	**2,410.40**	**201.82**	**1,147.33**	**1,263.07**
Loss Assets	Stage 3	16.08	16.08	-	16.08	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,05,841.09	180.63	1,05,660.46	-	180.63
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**1,05,841.09**	**180.63**	**1,05,660.46**	**-**	**180.63**
Total	Stage 1	13,40,583.74	5,829.26	13,34,754.48	5,014.73	814.53
	Stage 2	12,002.17	2,863.35	9,138.82	672.26	2,191.09
	Stage 3	5,323.47	3,710.77	1,612.70	1,432.93	2,277.84
		13,57,909.38	**12,403.38**	**13,45,506.00**	**7,119.92**	**5,283.46**

Notes :
The Company has made provision for expected credit loss as per the requirements of the Indian Accounting Standards which is higher than that required by the aforesaid RBI circular.

41.02 Disclosure requirements pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended 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. 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, HQLA's to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.
The LCR is calculated by dividing 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 50%, 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	50%	60%	70%	85%	100%

In order to determine HQLA, the Company considers Cash and Bank Balances, Investment in Treasury bills without any haircut. In order to determine net cash outflows, the Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per guidelines, stressed cash flows is to be computed by assigning a predefined stress percentages to the overall cash outflows (i.e. 115%) and cash inflows (with haircut of 25%). Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly, LCR would be computed by dividing the 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 Inflow from fully performing exposures, The 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 March 31, 2025 is given below: *(₹ in Lakhs)*

	Quarter ended 31-Mar-25		Quarter ended 31-Dec-24		Quarter ended 30-Sep-24		Quarter ended 30-Jun-24	
	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average
High quality liquid assets								
1. Total high quality liquid assets	**42,196.83**	**42,196.83**	**40,965.48**	**40,965.48**	**38,385.95**	**38,385.95**	**33,039.91**	**33,039.91**
(i) Cash & Bank balances	9,622.10	9,622.10	7,838.13	7,838.13	15,352.61	15,352.61	8,893.51	8,893.51
(ii) Investment in T-Bills	32,574.73	32,574.73	33,127.35	33,127.35	23,033.34	23,033.34	24,146.40	24,146.40
(iii) Investment in Mutual Fund	-	-	-	-	-	-	-	-
Cash outflows	-							
2. Deposits(for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	47,609.43	54,750.84	36,027.74	41,431.90	36,665.01	42,164.76	33,564.02	38,598.62
5. Additional requirements, of which	-							
(i) Outflows related to derivative exposures and other collateral requirements**	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	12,800.72	14,720.83	10,787.63	12,405.77	13,300.10	15,295.12	20,155.52	23,178.85
7. Other contingent funding obligations	4,857.63	5,586.28	5,168.01	5,943.21	6,611.46	7,603.18	6,207.84	7,139.01
Total cash outflows	**65,267.78**	**75,057.95**	**51,983.38**	**59,780.88**	**56,576.57**	**65,063.06**	**59,927.38**	**68,916.48**
Cash inflows								
8. Secured Lending	-	-	-	-	-	-	-	-
9. Inflows from fully performing exposures	34,692.32	26,019.24	26,344.81	19,758.61	23,957.56	17,968.16	24,904.32	18,678.24
10. Other cash inflows	1,37,001.41	1,02,751.05	1,37,839.16	1,03,379.37	1,15,204.52	86,403.38	96,869.32	72,651.99
Total cash inflows	**1,71,693.73**	**1,28,770.29**	**1,64,183.97**	**1,23,137.98**	**1,39,162.08**	**1,04,371.54**	**1,21,773.64**	**91,330.23**
	Total adjusted value		**Total adjusted value**		**Total adjusted value**		**Total adjusted value**	
Total HQLA		**42,196.83**		**40,965.48**		**38,385.95**		**33,039.91**
Total Net Cash Outflows		**18,764.49**		**14,945.22**		**16,265.77**		**17,229.12**
Liquidity Coverage Ratio (%)		**224.88%**		**274.10%**		**235.99%**		**191.77%**

Note : The figures above are excluding interest.

Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2024 is given below:

	Quarter ended 31-Mar-24		Quarter ended 31-Dec-23		Quarter ended 30-Sep-23		Quarter ended 30-Jun-23	
	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average
High quality liquid assets								
1. Total high quality liquid assets	**47,578.22**	**47,578.22**	**59,719.87**	**59,719.87**	**48,755.34**	**48,755.34**	**30,419.90**	**30,419.90**
(i) Cash & Bank balances	24,394.22	24,394.22	34,165.45	34,165.45	37,788.12	37,788.12	17,260.24	17,260.24
(ii) Investment in T-Bills	23,184.00	23,184.00	25,554.42	25,554.42	10,967.22	10,967.22	13,159.66	13,159.66
(iii) Investment in Mutual Fund	-	-	-	-	-	-	-	-
Cash outflows								
2. Deposits(for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	-	-	-	-	-	-	-	-
5. Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements**	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	39,457.80	45,376.47	25,300.74	29,095.85	23,251.75	26,739.52	47,437.20	54,552.78
7. Other contingent funding obligations	6,514.35	7,491.50	5,880.44	6,762.51	5,354.30	6,157.45	20,000.00	23,000.00
Total cash outflows	**45,972.15**	**52,867.97**	**31,181.18**	**35,858.36**	**28,606.05**	**32,896.97**	**67,437.20**	**77,552.78**
Cash inflows								
8. Secured Lending	-	-	-	-	-	-	-	-
9. Inflows from fully performing exposures	21,484.08	16,113.06	29,984.58	22,488.43	31,824.72	23,868.54	27,423.91	20,567.94
10. Other cash inflows	50,081.16	37,560.87	57,693.99	43,270.49	25,645.03	19,233.77	68,088.57	51,066.43
Total cash inflows	**71,565.24**	**53,673.93**	**87,678.57**	**65,758.92**	**57,469.75**	**43,102.31**	**95,512.48**	**71,634.37**
	Total adjusted value		**Total adjusted value**		**Total adjusted value**		**Total adjusted value**	
Total HQLA		**47,578.22**		**59,719.87**		**48,755.34**		**30,419.90**
Total Net Cash Outflows		**13,216.99**		**8,964.59**		**8,224.24**		**19,388.20**
Liquidity Coverage Ratio (%)		**359.98%**		**666.18%**		**592.82%**		**156.90%**

Note : The figures above are excluding interest.

41.03 Capital Risk Adequacy Ratio (CRAR):

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Funds		
Net owned funds (Tier I Capital)	3,92,142.46	3,49,860.13
Tier II Capital	11,805.65	7,602.14
Total capital funds	**4,03,948.11**	**3,57,462.27**
Total risk weighted assets/exposures	**18,00,491.77**	**12,98,903.04**
% of capital funds to risk weighted assets/exposures		
Tier I capital	21.78%	26.94%
Tier II capital	0.66%	0.59%
Total capital funds	22.44%	27.52%
Amount of subordinated debt raised as Tier- 2 capital	2,000.00	3,000.00
Amount raised by issue of Perpetual Debt Instruments	-	-

Adjustment for credit enhancements towards securitisation transactions from Tier I and Tier II capital is capped at the lower of (a) 15% of securitised portfolio outstanding; and (b) outstanding credit enhancements, pursuant to Company's submission to RBI in this regard.

41.04 Exposures

(₹ in Lakhs)

I	Exposure to Real Estate Sector	As at March 31, 2025	As at March 31, 2024
a)	**Direct Exposure**		
(i)	**Residential Mortgages-**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (including non-fund based (NFB) limits)	70,309.65	56,470.14
(ii)	**Commercial Real Estate-**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose	2,402.40	-
	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	**72,712.05**	**56,470.14**

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, 2025	As at March 31, 2024
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows/issues;	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds		
	(i) Category I	-	-
	(ii) Category II	-	-
	(iii) Category III	-	-
	Total Exposure to Capital Market	-	-

III	**Details of financing of parent company products**	**-**	**-**
IV	**Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC**	**-**	**-**
V	**Unsecured Advances**		
	Amount of unsecured advances	13,17,134.81	9,29,462.48
VI	**Intra-group exposures**		
	i) Total amount of intra-group exposures*	2,843.86	2,788.14
	ii) Total amount of top 20 intra-group exposures	2,843.86	2,788.14
	iii) Percentage of intra-group exposures to total exposures of the NBFC on borrower/customer	0.16%	0.22%
	** Exposure includes investment made in wholly owned subsidiary and Other receivables there of*		
VII	**Unhedged foreign currency exposure**		
	For details refer to note 2.13	-	-

41.05 Divergence In Asset Classification And Provisioning - Disclosure Pursuant To Reserve Bank Of India (Scale Based Regulation) RBI/ DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023 Dated October 19, 2023

A. The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5% of the reported profits before tax and impairment loss on financial instruments for the reference period
Not applicable

B. Additional Gross NPAs identified by RBI exceeds 5 per cent of the reported Gross NPAs for the reference period.
Not applicable

41.06 Derivatives

(₹ in Lakhs)

Forward rate agreement/Interest rate swap	As at March 31, 2025	As at March 31, 2024
The notional principal of swap agreements	4,28,002.21	94,234.58
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1,727.69	33.21
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps*	100.00%	100.00%
The fair value of the swap book	(2,928.64)	(1,130.70)
* % of concentration of credit risk arising from swaps with banks		

Exchange traded interest rate derivatives
The Company has not traded in exchange traded interest rate derivative during the current and previous year.

Disclosures on risk exposure in derivatives
Qualitative disclosure
The Company undertakes transactions in derivative products in the role of a user with counter parties. The Company deals in the derivatives for balance sheet management i.e. for hedging fixed rate, floating rate or foreign currency assets/liabilities and for hedging the variable interest in case of benchmark linked debentures. All derivatives are marked to market on reporting dates and the resulting gain/loss is recorded in the statement of profit and loss.

Dealing in derivatives is carried out by specified groups of the treasury department of the Company based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Mid office team conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, risk monitoring and reporting.
The Company has a credit and market risk department that assesses counterparty risk and market risk limits, within the risk architecture and processes of the Company. The Company has in place a policy which covers various aspects that apply to the functioning of the derivative business. Limits are monitored on a daily basis by the mid-office.

Quantitative disclosure

(₹ in Lakhs)

Particulars	As at March 31, 2025		As at March 31, 2024	
	Currency derivatives*	Interest rate derivatives	Currency derivatives	Interest rate derivatives
Derivatives (notional principal amount)				
For hedging	4,28,002.21	42,200.00	94,234.58	-
Marked to market positions				
Assets (+)	1,715.00	12.70	33.21	-
Liability (-)	4,656.33	-	1,163.90	-
Credit exposure	-	-	-	-
Unhedged exposures	-	-	-	-

* Currency derivatives represents cross currency interest rate swap contracts entered by the Company.

Participation in currency futures and options
The Company has not undertaken any transaction during the current year and previous year for currency futures and currency options.

Participation in credit default swaps
The Company has not undertaken any transactions during the current year and previous year for credit default swap to hedge the credit risk on corporate bonds held.

41.07 Asset Liability Management (Maturity pattern of certain items of Assets and Liabilities): March 31, 2025:

(₹ in Lakhs)

Particulars	0 to 7 days	8 to 14 days	15 days to 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities											
Borrowing from Banks/FIs	2,824.53	634.74	8,407.58	11,656.59	41,516.58	63,222.82	1,29,009.38	4,08,689.12	1,51,597.23	14,219.45	8,31,778.02
Market Borrowings	32,142.52	-	539.46	22,636.61	7,999.54	7,727.90	34,210.75	2,66,050.38	12,558.17	-	3,83,865.33
Deposits#	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	2,333.85	408.98	817.97	2,13,978.23	13,766.72	408.98	2,31,714.73
Assets											
Loans	5,409.29	8,641.09	13,675.71	22,855.98	22,944.68	69,948.69	1,45,172.05	6,87,749.83	5,60,729.78	1,87,824.93	17,24,952.03
Investments	4,998.26	-	7,967.68	11,407.58	-	-	-	-	-	2,673.79	27,047.31
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

March 31, 2024:

(₹ in Lakhs)

Particulars	0 to 7 days	8 to 14 days	15 days to 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities											
Borrowing from Banks/FIs	2,988.31	634.74	6,366.15	5,148.61	20,284.72	34,378.97	1,03,882.86	2,93,389.83	1,24,586.04	2,113.58	5,93,773.81
Market Borrowings	-	-	902.30	22,645.76	23,932.91	5,513.68	82,568.67	1,82,091.21	8,764.10	360.21	3,26,778.84
Deposits#	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	703.59	489.55	777.94	87,622.10	3,111.75	267.30	92,972.23
Assets											
Loans	5,681.49	12,846.45	2,956.15	18,863.57	18,838.55	56,445.25	1,10,443.95	5,25,885.04	4,46,356.01	41,348.45	12,39,664.91
Investments	4,996.24	3,985.27	(-)	9,912.97	4,935.35	484.73	-	-	-	2,673.79	26,988.35
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

This pertains to inter corporate deposits

Notes:

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

) 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.

41.08 Particulars

(₹ in Lakhs)

	Liabilities side	Amount outstanding as at March 31, 2025	Amount overdue as at March 31, 2025	Amount outstanding as at March 31, 2024	Amount overdue as at March 31, 2024
(I)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**				
(a)	Debentures				
	(i) Secured	3,57,717.51	-	3,05,343.64	-
	(ii) Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	8,30,258.24	-	5,92,145.09	-
(d)	Inter-corporate loans and borrowing	-	-	-	-
(e)	Subordinated Liabilities	5,056.51	-	5047.52	-
(f)	Commercial Paper (net of unamortised discount)	14,242.19	-	-	-
(g)	Other Loans (Please Specify)				
	External commercial borrowing	2,31,714.73	-	92,972.23	-
	Cash Credits	1,519.78	-	1,628.72	-
	Securitisation borrowing	6,849.12	-	16,387.68	-

(₹ in Lakhs)

	Assets side	Amount outstanding as at March 31, 2025	Amount outstanding as at March 31, 2024
(II)	**Break up of Loans and Advances including bills receivables (other than those included in (IV) below):**		
(a)	Secured	4,24,853.67	3,22,605.81
(b)	Unsecured	13,17,134.81	9,29,462.48
(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	24,373.52	24,314.56
	(vi) Others (Please Specify)	-	-

(b)	Long Term Investments:	Amount outstanding as at March 31, 2025	Amount outstanding as at March 31, 2024
	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	2,673.79	2,673.79
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

(V) Borrower group – wise classification of assets financed as in (II) and (III) above:

(₹ in Lakhs)

	Category	Amount net of provisions as at March 31, 2025			Amount net of provisions as at March 31, 2024		
		Secured	Unsecured	Total	Secured	Unsecured	Total
(a)	Related Parties						
	(i) Subsidiaries	-	-	-	-	-	-
	(ii) Companies in the same group	-	-	-	-	-	-
	(iii) Other related parties	-	-	-	-	-	-
(b)	Other than related parties	4,18,098.51	13,06,853.52	17,24,952.03	3,16,494.31	9,23,170.60	12,39,664.91

(VI) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in Lakhs)

	Category	As at March 31, 2025		As at March 31, 2024	
		Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
(a)	Related Parties				
	(i) Subsidiaries	2,673.79	2,673.79	2,673.79	2,673.79
	(ii) Companies in the same group	-	-	-	-
	(iii) Other related parties	-	-	-	-
(b)	Other than related parties	24,373.52	24,373.52	24,314.56	24,314.56
	Total	**27,047.31**	**27,047.31**	**26,988.35**	**26,988.35**

(VII) Other Information:

(₹ in Lakhs)

	Particulars	As at March 31, 2025	As at March 31, 2024
(a)	Gross Non – Performing Assets		
	(i) Related Parties	-	-
	(ii) Other than related parties	4,451.40	5,323.47
(b)	Net Non – Performing Assets		
	(i) Related Parties	-	-
	(ii) Other than related parties	681.62	1,612.70
(c)	Assets acquired in satisfaction of debt	-	-

Notes :
1. Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
2. All accounting standards and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.
3. In respect of investment in property, fair value has been taken on account of amalgamation. Bond and quoted equity shares have been valued as per prevailing market standards.

The figures are not netted with provision against standard assets as it is not a specific provision.

41.09 Disclosure pursuant to Resolution Framework for COVID-19 related stress

41.09
1. Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions. 2015 whichever is applicable.
2. All accounting standards and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired In sa1istaction of debt.
3. In respect of investment in property1 fair value has been taken on account of amalgamation. Bond and quoted equity shares have been valued as per prevailing market standards.
The figures are not netted with provision against standard assets as it Is not a specific provision.

For half year ended March 31, 2025

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous Half year end September 30, 2024(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2025	Of (A), aggregate debt that were written off during the half-year ended March 31, 2025	Of (A) amount paid by the borrowers during the half-year ended March 31, 2025	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half-year ended March 31, 2025
Personal Loans	3,025.90	36.55	8.04	539.70	2,441.61
Corporate Persons*	3,265.95	12.03	-	293.53	2,960.39
-of which MSMEs**	-	-	-	-	-
Others	-	-	-	-	-
Total	**6,291.85**	**48.58**	**8.04**	**833.23**	**5,402.00**

For half year ended March 31, 2024

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous Half year end September 30, 2023(A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2024	Of (A), aggregate debt that were written off during the half-year ended March 31, 2024	Of (A) amount paid by the borrowers during the half-year ended March 31, 2024	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end the half-year ended March 31, 2024
Personal Loans	3,842.29	92.79	3.45	381.29	3,364.76
Corporate Persons*	7,670.87	918.40	93.66	1,614.86	5,043.94
-of which MSMEs**	-	-	-	-	-
Others	-	-	-	-	-
Total	**11,513.16**	**1,011.19**	**97.11**	**1,996.15**	**8,408.71**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016
**MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose etc. of the borrower.

41.09 (ii) Disclosure pursuant to RBI circular Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) – Revision in the threshold for aggregate exposure issued vide circular no. RBI/2021-22/47 DOR.STR. REC.21/21.04.048/2021-22 dated June 04, 2021 read with circular RBI/2018-19/100 DBR.No.BPBC.18/21.04.048/2018-19 dated January 01, 2019

There are no MSME borrowers during the current and previous year whose accounts have been restructured pursuant to the above RBI circular.

41.10 Details of outstanding amount of securitised assets as per books of the SPVs sponsored by the Company and the total amount of exposures retained by the Company as on March 31, 2025 towards the Minimum Retention Requirements (MRR):

(a) Disclosure for Non STC Securitisation Transaction (STC - Simple, transparent, and comparable)

(₹ in Lakhs)

Sr.No.	Particulars	As at March 31, 2025	As at March 31, 2024
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	3	4
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	**18,716.68**	**26,791.14**
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	6,222.30	7,144.97
a	Off balance sheet exposures		
	* First Loss	-	-
	* Others	-	-
b	On Balance sheet exposures	**6,222.30**	**7,144.97**
	* First Loss	2,111.85	2,456.29
	* Others	4,110.45	4,688.68
4	Amount of exposures to securitisation transactions other than MRR		
a	Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-

Sr.No.	Particulars	As at March 31, 2025	As at March 31, 2024
	* Others	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
b	On Balance sheet exposures	**177.45**	**177.45**
	i) Exposure to own securitisations	177.45	177.45
	* First loss	177.45	177.45
	* Others	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation		-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	16.31	140.48
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
a	Amount paid	-	-
b	Repayment received	-	-
c	Outstanding amount	2,111.85	2,456.29
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	1.38%	0.84%
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.		
a	Amount	-	-
b	Number	-	-
10	Investor complaints		
a	Directly/Indirectly received - Count	-	-
	Directly/Indirectly received - Amount	-	-
b	Complaints outstanding - Count	-	-
	Complaints outstanding - Amount	-	-

(b) Disclosure relating to securitisation pursuant to Reserve Bank of India notification RBI/DOR/2021-22/85 DOR.STR. REC.53/21.04.177/2021-22 dated September 24, 2021 for STC (Simple, transparent and comparable) Securitisation transactions are not applicable

41.11 Details of transfer through assignment in respect of loans (not in default)

(₹ in Lakhs)

Sr.No.	Particulars	As at March 31, 2025	As at March 31, 2024
1	No. of accounts	3,308	2,977
2	Amount of loans transferred through assignment/co-lending (₹ in Lakhs)	1,16,694.11	76,418.00
3	Retention of beneficial economic interest (MRR)	14.18%	18.58%
4	Weighted average residual maturity (in months)	96	110
5	Weighted average holding period (in months)	29	18
6	Aggregate consideration paid (₹ in Lakhs)	1,16,694.11	76,418.00
7	Coverage of tangible security cover*	100.00%	100.00%
8	Rating wise distribution of rated loans	Unrated	Unrated

*The tangible security cover is only on the secured pool assigned. Unsecured pool excluded while calculating tangible security cover.
Note: The Company has not sold any loans to asset reconstruction company during the year ended March 31, 2025 and March 31, 2024.

41.12 Details of loans (not in default) acquired through assignment

(₹ in Lakhs)

Sr.No.	Particulars	As at March 31, 2025	As at March 31, 2024
1	Number of accounts	5,721	2,440
2	Amount of loans acquired through assignment (₹ in Lakhs)	11,299.60	13,693.82
3	Retention of beneficial economic interest	90.00%	83.28%
4	Weighted average residual maturity (in months)	105	108
5	Weighted average holding period (in months)	0.74	1
6	Aggregate consideration paid (₹ in Lakhs)	11,299.60	13,693.82
7	Coverage of tangible security cover*	100.00%	100.00%
8	Rating wise distribution of rated loans	Unrated	Unrated

*The tangible security cover is only on the secured pool assigned. Unsecured pool excluded while calculating tangible security cover.

41.13 Details of non-performing financial assets sold by the Company

During the year ended March 31, 2025 and year ended March 31, 2024, no non-performing financial assets has been sold by the Company.

41.14 Details of non-performing financial assets purchased/acquired by the Company

During the year ended March 31, 2025 and year ended March 31, 2024, no non-performing financial assets has been purchased by the Company.

41.15 Security Receipts (SRs) rating for the transactions during the year

No transactions were done during the year ended March 31, 2025 and year ended March 31, 2024, hence this disclosure is not applicable.

41.16 Total fixed deposits stands at ₹2,251.70 lakhs (as at March 31, 2024: ₹2,630.76 lakhs) on account of securitisation transaction outstanding till March 31, 2025.

41.17 Investments

(₹ in Lakhs)

	Particulars	As at March 31, 2025	As at March 31, 2024
(a)	**Value of Investments**		
(i)	Gross Value of Investments		
	(a) in India	27,047.31	26,988.35
	(b) outside India	-	-
(ii)	Provision for depreciation		
	(a) in India	-	-
	(b) outside India	-	-
(iii)	Net Value of Investments		
	(a) in India	27,047.31	26,988.35
	(b) outside India	-	-
(b)	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balances	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off/write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

41.18 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) There are no Penalties imposed by RBI and other regulators for the year ended March 31, 2025 and March 31, 2024

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

March 31, 2025

Rating particulars	Date of rating	Rating Agency	Rating assigned
Short Term Debt Programme			
Commercial Paper	26-Aug-24	CRISIL Ratings Limited	CRISIL A1+
	29-Nov-24	ICRA Limited	ICRA A1+
	5-Dec-24	CARE Ratings Limited	CARE A1+
Long Term Debt Programme			
Non-Convertible Debentures	26-Aug-24	CRISIL Ratings Limited	CRISIL AA-/Stable
	5-Dec-24	CARE Ratings Limited	CARE AA-/Stable
	13-Jan-25	Brickwork Ratings India Pvt. Ltd.	BWR AA-/Stable
Market Linked Debentures	5-Dec-24	CARE Ratings Limited	CARE PP-MLD AA -/Stable
Loan Facility	26-Aug-24	CRISIL Ratings Limited	CRISIL AA-/Stable
	5-Dec-24	CARE Ratings Limited	CARE AA-/Stable

March 31, 2024

Rating particulars	Date of rating	Rating Agency	Rating assigned
Short Term Debt Programme			
Commercial Paper	15-Nov-23	ICRA Limited	ICRA A1+
	29-Feb-24	CARE Ratings Limited	CARE A1+
Long Term Debt Programme			
Non-Convertible Debentures	15-Jan-24	Brickwork Ratings India Pvt. Ltd.	BWR AA-/Stable
	29-Feb-24	CARE Ratings Limited	CARE AA-/Stable
Market Linked Debentures	29-Feb-24	CARE Ratings Limited	CARE PP-MLD AA -/Stable
Loan Facility	29-Feb-24	CARE Ratings Limited	CARE AA-/Stable

Note : There is no change in the Credit Rating assigned during the year.

(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) Details of transaction with non executive directors - ₹ Nil (Previous year - ₹ Nil)
Non-Executive Directors have no pecuniary relationship with the Company, except receiving sitting fees for the meetings attended.

(VII) Provisions and Contingencies

(₹ in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head expenses in the Statement of Profit and Loss	For the year ended March 31, 2025	For the year ended March 31, 2024
Provision towards NPA/ECL stage 3	59.01	437.98
Provision made towards Income tax	16,218.63	9,973.66
Other Provision and Contingencies (with details)	-	-
Provision for standard assets/ECL stage 1 & stage 2	4,574.06	2,724.10
*Other provisions and contingencies		
Provision for gratuity expense	164.17	117.46
Provision for compensated absences	172.59	156.81
Provision for ESOP	931.64	747.90
Total	**22,120.10**	**14,157.91**

		As at March 31, 2025	As at March 31, 2024
(VIII)	**Draw Down from Reserves**	Nil	Nil
		As at March 31, 2025	**As at March 31, 2024**
(IX)	**Disclose of all instances of breach of covenant of loan availed or debt securities issued.**	Nil	Nil

(X) Disclosure on Frauds Pursuant to RBI Master Direction
The frauds detected and reported for the year amounted ₹119.02 lakhs (Previous year ₹90.31 lakhs)

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

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

(₹ in Lakhs)

	As at March 31, 2025	As at March 31, 2024
Total Deposits of twenty largest depositors (₹ in lakhs)	NA	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA	NA

(b) Concentration of Advances

(₹ in Lakhs)

	As at March 31, 2025	As at March 31, 2024
Total advances to twenty largest borrowers (₹ in lakhs)	17,024.90	14,639.65
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.98%	1.17%

(c) Concentration of Exposures

(₹ in Lakhs)

	As at March 31, 2025	As at March 31, 2024
Total exposure to twenty largest borrowers/customers (₹ in lakhs)	17,880.24	15,825.45
Percentage of Exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	0.97%	1.17%

(d) Concentration of NPAs

(₹ in Lakhs)

	As at March 31, 2025	As at March 31, 2024
Total exposure to top four NPA accounts (₹ in lakhs)	1,434.95	2,346.71

(e) Percentage of NPAs to Total Advances in that sector *(₹ in Lakhs)*

Sector	As at March 31, 2025	As at March 31, 2024
Agriculture & allied activities	-	-
MSME	0.83%	1.78%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	0.72%	2.02%
Auto loans	-	-
Other Services	0.14%	0.10%

(₹ in Lakhs)

(XII)	Movement of NPAs	As at March 31, 2025	As at March 31, 2024
(i)	Net NPAs to Net Advances (%)	0.04%	0.13%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	5,323.47	4,721.21
	(b) Additions during the year	4,204.97	5,594.86
	(c) Reductions during the year	(5,077.04)	(4,992.60)
		4,451.40	5,323.47
(iii)	Movement of Net NPAs		
	(a) Opening balance	1,612.70	1,448.42
	(b) Additions during the year	529.26	1,179.92
	(c) Reductions during the year	(1,460.34)	(1,015.64)
	(d) Closing balance	681.62	1,612.70
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	3,710.77	3,272.79
	(b) Additions during the year	3,675.71	4,414.94
	(c) Reductions during the year	(1,468.47)	(88.75)
	(d) Write-off/write-back of excess provisions	(2,148.23)	(3,888.21)
	(e) Closing balance	3,769.78	3,710.77

(XIII) Disclosure of Customers Complaints

Sr No	Particulars	As at March 31, 2025	As at March 31, 2024
1	Number of complaints pending at beginning of the year	96	51
2	Number of complaints received during the year	5,750	2,922
3	Number of complaints disposed during the year	5,549	2,877
3.1	Of which, number of complaints rejected by the NBFC	191	179
4	Number of complaints pending at the end of the year	297	96

Maintainable complaints received by the NBFC from Office of Ombudsman

Sr No	Particulars	As at March 31, 2025	As at March 31, 2024
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman*	223	364
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	203	350
5.2	Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	5	8
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* Includes 15 complaints resolved in the month of April 2025 and 6 complaints resolved in the month of April 2024 by office of ombudsman in the favour of the Company.

Top five grounds of complaints received by NBFCs

As at March 31,2025

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit Cards	-	-	-	-	-
Difficulty in operation of accounts	-	-	-	-	-
Mis-selling	-	-	-	-	-
Recovery Agents/Direct Sales Agents	-	-	-	-	-
Loans and advances	-	-	-	-	-
Levy of charges without prior notice/excessive charges/foreclosure charges	-	-	-	-	-
Non-observance of fair practices code	-	-	-	-	-
Staff behaviour	-	-	-	-	-
Facilities for customers visiting the office/ adherence to prescribed working hours, etc.	-	-	-	-	-
Others					
Part Payment/Foreclosure	27	1446	51%	56	-
Loan Application Related	4	462	28%	18	-
EMI Management	18	961	120%	41	-
Disbursement related	7	570	113%	33	-
CIBIL related	0	570	100%	38	
Loan Account Related	8	0	-100%	0	-
Others	32	1741	144%	111	-
Total	**96**	**5750**	**97%**	**297**	**-**

As at March 31, 2024

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit Cards	-	-	-	-	-
Difficulty in operation of accounts	-	-	-	-	-
Mis-selling	-	-	-	-	-
Recovery Agents/ Direct Sales Agents	-	-	-	-	-
Loans and advances	-	-	-	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	-	-	-	-
Non-observance of fair practices code	-	-	-	-	-
Staff behaviour	-	-	-	-	-
Facilities for customers visiting the office/adherence to prescribed working hours, etc.	-	-	-	-	-
Others	-	-	-	-	-
Part Payment/ Foreclosure	14	960	427%	27	-
Loan Application Related	6	360	200%	4	-
EMI Management	10	436	286%	18	-
Fees and Charges/ Refunds	5	268	171%	7	-
Loan Account Related	4	184	104%	8	-
Others	12	714	178%	32	1
Total	**51**	**2922**	**239%**	**96**	**1**

(XIV) Overseas Assets (For Those With Joint Ventures And Subsidiaries Abroad)

There are no overseas asset owned by the Company.

(XV) Off-Balance Sheet SPVs Sponsored

The Company is now required to provide its financial statements under Ind AS, which requires all securitisation related SPV's to be consolidated in the books of the originator (the Company). Accordingly, these SPV's stand consolidated and none of the SPV's sponsored are off-balance sheet.

(₹ in Lakhs)

(XVI)	Off balance sheet exposure	As at March 31, 2025	As at March 31, 2024
a.	Undrawn commitments		
	Loan tenure less than one year	-	-
	Loan tenure more than one year	1,00,829.6	1,05,841.1
b.	Leases entered but not executed	-	-
c.	Others	556.94	1,057.00

(XVII) Consolidated Financial Statements (CFS)

The Company has consolidated financial statement of its underlying subsidiary.

(XVIII) (Disclosure requirements as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (as amended) regarding Guidelines on Liquidity Risk Management Framework)
a Funding concentration based on significant counterparty (both deposits and borrowings)

As at March 31, 2025

Sr. No.	Number of significant counterparties	Rupees in Lakhs	% of Total Deposits	% of Total Liabilities
1	25	11,73,052.63	Not Applicable	78.90%

As at March 31, 2024

Sr. No.	Number of significant counterparties	Rupees in Lakhs	% of Total Deposits	% of Total Liabilities
1	24	7,59,786.51	Not Applicable	71.23%

b Top 20 large Deposits (I in Lakhs 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 (Lender wise in ₹ in Lakhs and % of total borrowings)

Particulars	As at March 31, 2025	As at March 31, 2024
Total amount of top 10 borrowings (₹ in lakhs)	7,84,617.17	5,41,730.33
Percentage of amount of top 10 borrowings to total borrowings	54.21%	54.17%

d Funding concentration bases on significant instrument/product

Sr. No.	Name of the Instrument/Product	As at March 31, 2025	
		Rupees in lakhs	% of Total liabilities#
1	Term loans from banks	8,08,399.64	54.38%
2	Non- Convertible Debentures	3,57,717.51	24.06%
3	External Commercial Borrowings	2,31,714.73	15.59%
4	Term loans from FIs	21,858.60	1.47%
5	Commercial Paper	14,242.19	0.96%
6	Securitisation borrowings	6,849.12	0.46%
7	Subordinated Debt	5,056.51	0.34%
8	Cash credit form banks	1,519.78	0.10%

Sr. No.	Name of the Instrument/Product	As at March 31, 2024	
		Rupees in lakhs	% of Total liabilities#
1	Term loans from banks	5,73,369.29	53.75%
2	Non- Convertible Debentures	3,05,343.64	28.62%
3	External Commercial Borrowings	92,972.23	8.72%
4	Term loans from FIs	18,775.80	1.76%
5	Securitisation borrowings	16,387.68	1.54%
6	Subordinated Debt	5,047.52	0.47%
7	Commercial Paper	-	0.00%

Total Liabilities represents total liabilities as per balance sheet less total equity

e Stock Ratios:

Sr. No.	Name of the Instrument/Product	As at March 31, 2025	As at March 31, 2024
i)	Commercial Papers to Total Liabilities	0.96%	0.00%
ii)	Commercial Papers to Total Assets	0.75%	0.00%
iii)	Commercial Papers to Public funds	0.98%	0.00%
iv)	NCD(Original Maturity < 1yrs.) to Total Liabilities	0.00%	0.00%
v)	NCD(Original Maturity < 1yrs.) to Total Assets	0.00%	0.00%
vi)	NCD(Original Maturity < 1yrs.) to Public funds	0.00%	0.00%
vii)	Other Short Term Liabilities to Total Liabilities ##	1.06%	0.15%
viii)	Other Short Term Liabilities to Total Assets ##	0.83%	0.11%
ix)	Other Short Term Liabilities to Public funds ##	1.08%	0.16%

All the above numbers are excluding notional Ind AS adjustments.
Other Short term liabilities refers to liabilities raised with original maturity of less than one year.

f Institutional set-up for liquidity risk management

The Board of Directors is responsible for establishing and reviewing the ALM & Risk management Policies. Towards this end, the Board has established an ALM Committee (ALCO), which has been delegated the authority to manage funds and to match the Assets and the Liabilities in terms of their maturities and interest rate sensitivities, so that the risk arising from such mismatches can be contained within the desired limit. Similarly, the Board has also constituted Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various risks, including liquidity risk, faced by the Company. ALCO and RMC meetings are conducted at a frequency which is warranted from time to time with minimum frequency of once in a quarter. The board reviews the minutes of the ALCO & RMC meetings and additional summarized information on a quarterly basis. If necessary the Board also recommends the actions that are in the best interest of the company.

(XIX) 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 willful 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 Crypto currency or Virtual Currency.

g The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

h During the year the quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

i The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

j Key Financial Ratios :

Ratio	Year ended March 31, 2025	Year ended March 31, 2024	Reason for Variance (if above 25%)
Capital to risk weighted assets ratio (CRAR)	22.44%	27.52%	
Tier I CRAR	21.78%	26.94%	
Tier II CRAR	0.66%	0.58%	
Liquidity coverage ratio	230.17%	374.49%	Significant increase in cash outflows when compared to HQLA maintained.

k The Company do not have any transactions with struck off companies.

l During the financial years ended March 31, 2025 and March 31, 2024, the Company has not granted any loans or advances in the nature of loans to promoters, directors, relatives of the directors, entities where directors or their relatives have major shareholding, KMPs, senior management (as defined under the Companies Act, 2013) and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.
m The Company has not entered into any scheme of arrangement under sections 230 to 237 of the Companies Act, 2013

41.19 Related Party Disclosure:

Related party disclosure of pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 amended from time to time is provided below.

Items	Parent (as per ownership or control)	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Directors	Relatives of Directors	Others	Total
Balance outstanding as on 31-Mar-25								
Borrowings	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Placement of Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advances	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments	-	2,673.79	-	-	-	-	-	**2,673.79**
	(-)	(2,673.79)	(-)	(-)	(-)	(-)	(-)	**(2,673.79)**
Receivables	-	169.65	-	-	-	-	-	**169.65**
	(-)	(169.65)	(-)	(-)	(-)	(-)	(-)	**(169.65)**
Sitting Fees payable	-	-	-	-	0.55	-	-	**0.55**
	(-)	(-)	(-)	(-)	(0.55)	(-)	(-)	**(0.55)**
Commission Payable	-	-	-	-	55.15	-	-	**55.15**
	(-)	(-)	(-)	(-)	(55.15)	(-)	(-)	**(55.15)**
Transactions during the year								
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	8.49	-	-	-	-	-	**8.49**
Common support cost- recharge	-	47.23	-	-	-	-	-	**47.23**
Commission [2]	-	-	-	-	55.15	-	-	**55.15**
Remuneration to KMPs	-	-	872.66	-	-	-	-	**872.66**
Sitting Fees [2]	-	-	-	-	64.53	-	-	**64.53**

Notes:

1. Figures in bracket indicates maximum balance outstanding 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 37.

The Company's related party balances and transactions for the year ended March 31, 2024 are summarised as follows:

Items	Parent (as per ownership or control)	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Directors	Relatives of Directors	Others	Total
Balance outstanding as on 31-Mar-24								
Borrowings	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Placement of Deposits	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advances	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments	-	2,673.79	-	-	-	-	-	**2,673.79**
	(-)	(2673.79)	(-)	(-)	(-)	(-)	(-)	**(2673.79)**
Receivables	-	114.35	-	-	-	-	-	**114.35**
	(-)	(114.35)	(-)	(-)	(-)	(-)	(-)	**(114.35)**
Sitting Fees payable	-	-	-	-	0.44	-	-	**0.44**
	(-)	(-)	(-)	(-)	(0.44)	(-)	(-)	**(0.44)**
Commission Payable	-	-	-	-	54.50	-	-	**54.50**
	(-)	(-)	(-)	(-)	(54.50)	(-)	(-)	**(54.50)**
Transactions during the year								
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Investment in equity shares of subsidiary	-	2,672.79	-	-	-	-	-	**2,672.79**
Reimbursement of expenses	-	73.50	-	-	-	-	-	**73.50**
Common support cost- recharge	-	25.22	-	-	-	-	-	**25.22**
Commission [2]	-	-	-	-	54.50	-	-	**54.50**
Remuneration to KMPs	-	-	1,289.82	-	-	-	-	**1,289.82**
Sitting Fees [2]	-	-	-	-	35.76	-	-	**35.76**

Notes:

1. Figures in bracket indicates maximum balance outstanding 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 37.

The Company has not granted any loans and advances to Directors, Senior Officers and relative of Directors, in terms of Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended.

41.20 Breach of Covenant

There are no breach of covenants in the current year and previous year.

41.21 Sectoral Disclosure

Sectors	As at March 31, 2025			As at March 31, 2024		
	Total Exposure (Includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector	Total Exposure (Includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector
Total sectors exposure						
1. Agriculture and Allied Activities						
2. Industry[1]						
(i) Micro and Small	2,84,579.23	2,177.60	0.77%	2,34,582.73	3,844.76	1.64%
(ii) Medium	-	-	-	-	-	-
(iii) Others	-	-	-	-	-	-
Total of Industry	**2,84,579.23**	**2,177.60**	**0.77%**	**2,34,582.73**	**3,844.76**	**1.64%**
3. Services						
(i) Transport Operators	-	-	-	-	-	-
(ii) Computer Software	-	-	-	-	-	-
(iii) Tourism, Hotel and Restaurants	-	-	-	-	-	-
(iv) Shipping	-	-	-	-	-	-
(v) Professional Services	-	-	-	-	-	-
(vi) Total of Trade	-	-	-	-	-	-
(a) wholesale Trade (other than Food Procurement)	-	-	-	-	-	-
(b) Retail Trade	-	-	-	-	-	-
(vii) Commercial Real Estate	-	-	-	-	-	-
(viii) NBFCs	-	-	-	-	-	-
(ix) Aviation	-	-	-	-	-	-
(x) Others	-	-	-	-	-	-
Total of Services	-	-	-	-	-	-
4. Personal Loans [2]						
(i) Housing Loans (incl. priority sector Housing)	2,598.36	-	**0.00%**	-	-	-
(ii) Consumer Durables	-	-	-	-	-	-
(iii) Credit Card Receivables	-	-	-	-	-	-
(iv) Vehicle/Auto Loans	-	-	-	-	-	-
(v) Education Loans	15,11,311.73	1,687.56	**0.11%**	10,84,873.55	977.61	**0.09%**
(vi) Advances against Fixed Deposit	-	-	-	-	-	-
(vii) Advances to Individuals against Shares, Bonds	-	-	-	-	-	-
(viii) Advances to Individuals against Gold	-	-	-	-	-	-
(ix) Micro finance loan/ SHG Loan	-	-	-	-	-	-
(x) Others [3]	44,328.75	586.24	**1.32%**	38,453.10	501.10	1.30%
Total of Personal Loans	**5,58,238.84**	**2,273.80**	**0.15%**	**11,23,326.65**	**1,478.71**	**0.13%**
5. Others, if any (please specify)						

1. Industry includes loan exposure to SME borrowers and loans given to institutes and corporates
2. Personal Loan includes education loans given to individual

3. Others include personal loans other than education loans.
4. The above sectoral classification for personal loans has been done basis the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended

42 The Company implemented an in-house developed loan origination system (LOS), replacing its existing third-party SaaS-based LOS during the year, for one of its loan products. Pursuant to this change in January 2025, the loan applications are logged-in and sanctioned from the new LOS. Consequently, the old LOS was decommissioned and due to unavailability of the erstwhile system and its database, the Company was not able to facilitate the access to test the information technology controls of the erstwhile LOS directly to the statutory auditors. However, the core data from the erstwhile LOS has been preserved, in line with Company's data retention policy, within the Company's data warehouse ensuring completeness and accessibility.

43 The Company has filed a Draft Red Herring Prospectus (DRHP) dated June 20, 2024 with the Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with its Initial Public Offering (IPO) of equity shares of face value of Rs 5 each comprising of a fresh issue of Equity Shares aggregating up to Rs 1,000 crore and an offer for sale of Equity Shares aggregating up to Rs 2,500 crore by existing shareholders, subject to receipt of regulatory approvals, market conditions and other considerations. Pursuant to letter dated July 25, 2024 from SEBI, the Company has re-filed the DRHP dated July 31, 2024 with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited. Further, the Company received observations on the DRHP from SEBI vide their letter dated October 23, 2024.

44 In compliance with Section 128 of the Companies Act, 2013 read with proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, the Company uses an accounting software and loan management software for maintaining its books of accounts which has a feature of recording audit trail (edit log) which has operated throughout the year for all relevant transactions. There were no instances of the audit trail feature being tampered with in relation to these softwares. Also, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

45 The financial statements were approved for issue by the Board of Directors on April 30, 2025.

46 Previous year figures have been regrouped/reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

The accompanying notes form an integral part of the Standalone Financial Statements 1 to 46.

In terms of our report attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

For and on behalf of the Board of Directors of

Avanse Financial Services Limited

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director & Chief **Executive Officer**

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer

Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary

Place : Mumbai
Date : April 30, 2025

Independent Auditor's Report

To the Members of Avanse Financial Services Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying consolidated financial statements of **Avanse Financial Services Limited** ('the Holding Company') and its subsidiary, Avanse Global Finance IFSC Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2025, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Expected Credit Losses (ECL) on loan assets

Refer note 2.13 for material accounting policy on impairment of loan assets and notes 7, 26 and 40.4 for financial disclosures in the accompanying consolidated financial statements. At 31 March 2025, the Company reported total gross loans of Rs. 1,743,334.72 lakhs (2024: Rs. 1,252,085.50 lakhs) and Rs. 17,046.58 lakhs of expected credit loss provisions (2024: Rs. 12,403.45 lakhs).

Key Audit Matter	How our audit addressed the key audit matter
Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Company to provide for impairment of its loan assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loan assets.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to the following procedures:

Key Audit Matter	How our audit addressed the key audit matter

ECL cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates and applying appropriate measurement principles in case of loss events, including additional considerations on account of Reserve Bank of India guidelines in relation to restructuring.
 	
The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio.
 	
ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets.
 	
Significant management judgment and assumptions involved in measuring ECL is required with respect to:
 	
• Segmentation of loan book into various buckets;
 	
• Determining the criteria for a significant increase in credit risk;
 	
• Factoring in future economic assumptions / conditions;
 	
• Techniques used to determine probability of default, loss given default and exposure at default; and
 	
• Management overlay estimated at stage level, cohort level, geography level or institutional level.
 	
These parameters are derived from the Company's internally developed statistical models with the help of management experts and other historical data. Considering the significance of the above matter to the consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.
	• Examined the Board approved policy for compution of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109;
	
	• Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2025) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;
	
	• Tested the completeness of loans included in the ECL calculations as of 31 March 2025 by reconciling it with the underlying reports. Also, tested the input data used in the PD and LGD model for ECL calculation for its completeness and accuracy with the underlying books of account and records
	
	• Tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage;
	
	• Obtained the report submitted by the management expert to the management with respect to inputs used in the ECL model. Also, assessed the professional competence and objectivity of such management's expert;
	
	• Involved auditor's experts for testing of the ECL model and computation and performed the following procedures;
	
	  • Tested the reasonableness of factors that affect the PD, LGD and EAD, considering various forward-looking micro, and macro-economic factors;
	
	  • Tested the appropriateness of determining EAD, PD and LGD, on sample basis. For exposure determined to be individually impaired, we tested samples of loans and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations;
	
	  • Performed an overall assessment of the ECL provision levels at each stage, including management's assessment and provision on account of the Company's portfolio, risk profile, credit risk management practices as well as the macroeconomic environment;
	
	  • Tested assumptions used by the management in determining the overlay for macro-economic and other factors; and
	
	  • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including mathematical accuracy of the workings.
	
	• Obtained written representations from the management in relation to appropriateness of such ECL methodology and reasonableness of the judgements and assumptions used; and
	
	• Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars/ guidelines.

Information Technology ("IT") Systems and Controls for the financial reporting process	
Key Audit Matter	**How our audit addressed the key audit matter**
The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Amongst other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the consolidated financial statements. The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans, computation of daily DPD amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Further, during the current year, the management has implemented a new loan origination IT system for loan application processing, its sanctioning and thereby, discontinued its erstwhile loan origination IT system. Our areas of audit focus included user access management, changes to the IT environment including new system implementation and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems. Accordingly, due to the importance of the impact of the IT systems and automated controls, new system implementation and related control environment on the Company's financial reporting process, we have determined ''IT Systems and Controls for the financial reporting process' as a key audit matter for the current year audit.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. Further, obtained an understanding of the new IT system implementation carried out by the management during the current year; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties c. Other areas that were assessed under the IT control environment included batch processing and interfaces. d. Management's process around new IT system implementation in order to ascertain how the processes and controls of the new IT system are designed and how the information is transferred within the systems; • Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures; and • On account of termination of contract for usage of erstwhile loan origination system, we were unable to test IT general and automated controls during its period of usage in the current year for one of the loan products. Consequently, we have performed extended substantive audit procedures for loans sanctioned through such erstwhile system.

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

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

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

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

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

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

15. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹2,762.42 lakhs as at 31 March 2025, total revenues of ₹142.94 lakhs and net cash outflows amounting to ₹1,391.99 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by the predecessor auditor, S. R. Batliboi & Co. LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 30 April 2024.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the subsidiary incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company, taken on record by the Board of Directors of the Holding Company and its subsidiary covered under the Act, none of the directors of the Holding Company and its subsidiary, are disqualified as on 31 March 2025 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed a modified opinion; and

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

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 30 to the consolidated financial statements;

   ii. The Holding Company and its subsidiary did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2025;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, covered under the Act, during the year ended 31 March 2025;

   iv.
      a. The respective managements of the Holding Company and its subsidiary, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief , as disclosed in note 41(d) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary, to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
      b. The respective managements of the Holding Company and its subsidiary, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the note 41(e) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
      c. Based on such audit procedures performed by us and that performed by the auditor of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

   v. The Holding Company and its subsidiary have not declared or paid any dividend during the year ended 31 March 2025.

   vi. As stated in note 45 to the consolidated financial statements and based on our examination which included test checks and that performed by the auditor of the subsidiary, the Holding Company and its subsidiary, in respect of financial year commencing on 1 April 2024, have used accounting softwares for maintaining their books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and auditor of the above referred subsidiary did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trails has been preserved by the Holding Company and above referred subsidiary, as per the statutory requirements for record retention.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN: 25105117BMOLJW5757

Place: Mumbai
Date: April 30, 2025

ANNEXURE A

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Avanse Financial Services Limited** ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2025:

   The Holding Company's internal financial controls over certain information technology system used for credit appraisal and loan sanctioning were not made available to us as fully explained in note 44 to the accompanying financial statements. Consequently, we are unable to obtain sufficient and appropriate audit evidence on whether the Group had adequate internal financial controls with reference to financial statements and such controls were operating effectively.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis.

10. In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Group has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Group as at and for the year ended 31 March 2025, and this material weakness do not affect our opinion on the consolidated financial statements.

Other Matter

12. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is covered under the Act, whose financial statements reflect total assets of ₹2,762.42 lakhs and net assets of ₹2,539.53 lakhs as at 31 March 2025, total revenues of ₹142.94 lakhs and net cash outflows amounting to ₹1,391.99 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN: 25105117BMOLJW5757

Place: Mumbai
Date: April 30, 2025

Avanse Financial Services Limited
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2025

(₹ in Lakhs)

	Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
	ASSETS			
I	**Financial assets**			
(a)	Cash and cash equivalents	4	1,18,524.14	1,30,075.99
(b)	Bank balances other than (a) above	5	8,518.10	22,960.74
(c)	Derivative financial instruments	40.4	1,727.69	33.21
(d)	Trade receivables	6	2,175.31	919.38
(e)	Loans	7	17,26,288.14	12,39,682.05
(f)	Investments	8	24,373.52	24,314.56
(g)	Other financial assets	9	1,982.19	1,450.10
			18,83,589.09	**14,19,436.03**
II	**Non-Financial assets**			
(a)	Current tax assets (net)	10A	415.64	1,906.01
(b)	Deferred tax assets (net)	10B	1,735.52	947.69
(c)	Property, plant and equipment	11	4,260.35	2,331.40
(d)	Capital work-in-progress	11	-	886.70
(e)	Right of use assets	11	3,890.93	4,401.59
(f)	Intangible assets under development	11	126.48	1,128.94
(g)	Other intangible assets	11	2,352.77	1,351.78
(h)	Other non-financial assets	12	4,565.27	1,993.35
			17,346.96	**14,947.46**
	Total Assets		**19,00,936.05**	**14,34,383.49**
	LIABILITIES AND EQUITY			
	LIABILITIES			
I	**Financial Liabilities**			
(a)	Derivative financial instruments	40.4	4,656.33	1,163.90
(b)	Trade payables	13		
	- total outstanding dues of micro and small enterprises		1.15	8.50
	- total outstanding dues of creditors other than micro and small enterprises		8,606.92	7,502.18
(c)	Debt securities	14	3,71,959.70	3,05,343.64
(d)	Borrowings (other than debt securities)	15	10,70,341.87	7,03,133.72
(e)	Subordinated liabilities	16	5,056.51	5,047.52
(f)	Other financial liabilities	17	24,296.39	42,501.75
			14,84,918.87	**10,64,701.21**
II	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)		-	-
(b)	Provisions	18	698.76	302.47
(c)	Other non-financial liabilities	19	1,118.34	1,708.38
			1,817.10	**2,010.85**

Avanse Financial Services Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2025

(₹ in Lakhs)

	Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
III	**EQUITY**			
(a)	Equity share capital	20	12,591.16	12,591.16
(b)	Other equity	21	4,01,608.92	3,55,080.27
	Total equity		**4,14,200.08**	**3,67,671.43**
	Total Liabilities and Equity		**19,00,936.05**	**14,34,383.49**
	The accompanying notes form an integral part of the Consolidated Financial Statements	1 to 47		

In terms of our report attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

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

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director
& Chief Executive Officer

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer

Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary

Place : Mumbai
Date : April 30, 2025

Avanse Financial Services Limited
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025

(₹.in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
I	**Income**			
	Revenue from operations			
(a)	Interest income	22	2,01,440.32	1,44,372.83
(b)	Fees and commission income	23	22,708.03	18,429.70
(c)	Net gain on fair value changes	24	1,466.76	1,324.94
(d)	Net gain on derecognition of financial instrument on amortised cost basis		9,092.07	8,568.63
	Total revenue from operations		**2,34,707.18**	**1,72,696.10**
(e)	Other income		468.28	184.62
	Total income		**2,35,175.46**	**1,72,880.72**
II	**Expenses**			
(a)	Finance costs	25	1,21,699.73	87,563.79
(b)	Impairment on financial instruments	26	6,479.15	7,959.29
(c)	Employee benefits expense	27	16,999.95	14,088.87
(d)	Depreciation and amortisation expense	11	3,590.25	2,060.65
(e)	Other expenses	28	19,192.36	15,279.02
	Total expenses		**1,67,961.44**	**1,26,951.62**
III	**Profit before tax**		**67,214.02**	**45,929.10**
IV	**Tax expense**			
(a)	Current tax	10B	16,218.63	9,968.72
(b)	Deferred tax	10B	783.09	1,720.20
	Total tax expense		**17,001.72**	**11,688.92**
V	**Net profit for the year**		**50,212.30**	**34,240.18**
VI	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Re-measurement gains/(losses) on post retirement benefit plans		(88.55)	(18.02)
	(ii) Income tax on above		22.29	4.54
	Subtotal (A)		**(66.26)**	**(13.48)**

Avanse Financial Services Limited
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
	(B) Items that will be reclassified to profit or loss			
	(i) Foreign Currency Translation Reserve		60.04	35.27
	(ii) Fair value (loss)/gain on derivative financial instrument		(6,153.17)	(1,326.23)
	(iii) Income tax on above		1,548.63	333.78
	Subtotal (B)		**(4,544.50)**	**(957.18)**
	Total other comprehensive income/(loss) (A+B)		**(4,610.76)**	**(970.66)**
VII	**Total comprehensive income/(loss)**		**45,601.54**	**33,269.52**
VIII	**Earnings per equity share**	29		
	(Face value of ₹5/- each)			
	Basic (₹)		19.94	15.40
	Diluted (₹)		19.25	15.05
	The accompanying notes form an integral part of the Consolidated Financial Statements	1 to 47		

In terms of our report attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

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

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director & Chief Executive Officer

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer

Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary

Place : Mumbai
Date : April 30, 2025

Avanse Financial Services Limited
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakhs)

	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A	**Cash flow from operating activities**		
	Profit before tax	67,214.02	45,929.10
	Adjustment for:		
	Interest income on loans*	(1,96,443.55)	(1,38,643.32)
	Depreciation and amortisation expenses	3,590.25	2,060.65
	Net gain on fair value changes	(1,466.76)	(1,324.94)
	Interest expense on borrowings	1,21,011.19	86,953.08
	Interest on fixed deposits	(3,194.97)	(4,509.31)
	Interest income from treasury bills	(1,801.80)	(1,220.20)
	Impairment of financial instruments	4,547.59	3,321.18
	Bad-debts written off	1,931.56	4,638.11
	Employee share based payment expenses	931.64	747.90
	Finance cost on lease liability	371.08	80.88
	(Profit)/Loss on sale of property, plant and equipments	(3.17)	(0.17)
	Cash flows used in operation before working capital changes and adjustment for interest received and paid	**(3,312.92)**	**(1,967.05)**
	Operational cash flows from interest		
	Interest received on loans*	67,936.88	57,110.61
	Interest paid on borrowings	(1,22,679.86)	(80,244.17)
	Working capital changes		
	Adjustment for:		
	(Increase) in loans*	(3,64,578.55)	(3,28,761.71)
	(Increase) in other non-financial assets	(2,571.92)	(754.68)
	(Increase)/Decrease in financial assets	(532.09)	4,488.44
	(Increase) in trade receivables	(1,255.92)	(86.40)
	(Decrease)/Increase in financial liabilities	(17,906.62)	7,524.08
	Increase in trade payables	1,097.39	2,036.94
	(Decrease)/Increase in non financial liabilities	(590.03)	846.73
	Increase in provisions	307.74	147.76
	Cash (used in) operations	**(4,44,085.90)**	**(3,39,659.46)**
	Direct taxes paid (net)	(14,728.26)	(9,842.56)
	Net cash (used in) operating activities	**(4,58,814.16)**	**(3,49,502.02)**
B	**Cash flow from investing activities**		
	Investments in mutual fund units	(16,33,228.46)	(9,57,952.10)
	Sale of mutual fund units	16,34,695.22	9,59,277.05
	Investments in treasury bills at amortised cost	(1,29,257.16)	(1,42,152.66)
	Redemption of treasury bills	1,31,000.00	1,25,500.00
	Interest received on fixed deposits	3,252.31	4,517.71
	Purchase of property, plant & equipment and intangible assets	(3,596.19)	(4,818.43)

Avanse Financial Services Limited
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2025

(₹ in Lakhs)

	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
	Sale of property, plant & equipment and intangible assets	65.39	5.72
	Fixed deposit not considered as cash and cash equivalents (net)	14,385.30	11,321.15
	Net cash (used in)/generated from investment activities	**17,316.41**	**(4,301.58)**
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including securities premium, net of share issue expenses)	(4.53)	1,18,917.78
	Debt securities & subordinated liabilities issued	2,34,272.68	1,18,000.00
	Debt securities & subordinated liabilities repaid	(1,65,121.48)	(1,07,000.00)
	Borrowings (other than debt securities) taken	5,64,070.00	4,18,498.79
	Borrowings (other than debt securities) repaid	(2,01,965.65)	(1,44,256.02)
	Proceeds from short-term borrowings (net)	(108.94)	1,628.72
	Principal payment of lease liability	(885.14)	(536.39)
	Interest paid on lease liability	(371.08)	(80.88)
	Net cash generated from financing activities	**4,29,885.86**	**4,05,172.00**
	Effect of exchange fluctuation on translation reserve	60.04	-
	Net increase/(decrease) in cash and cash equivalents	(11,551.85)	51,368.40
	Cash and cash equivalents at the beginning of the year	1,30,075.99	78,707.59
	Cash and cash equivalents at the end of the year	**1,18,524.14**	**1,30,075.99**
	Cash and cash equivalents at the end of the year comprises of:		
	Cash in hand	2.28	2.38
	Balance with banks		
	- In Current accounts	75,019.47	34,629.95
	- In fixed deposit with original maturity of less than 3 months	43,490.76	95,438.43
	Cheques on hand	11.63	5.23
	Total	**1,18,524.14**	**1,30,075.99**

*Considering the nature of business wherein interest is capitalised within the respective loan, interest income has been adjusted with profit before tax and increase/(decrease) in loans and disclosed separately to the extent collected.

Notes:

1. Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.
2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.
3. For disclosure relating to changes in liabilities arising from financing activities refer note 33.
   The accompanying notes form an integral part of the Consolidated Financial Statements 1 to 47.

In terms of our report attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

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

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director and Chief Executive Officer

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer

Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary

Place : Mumbai
Date : April 30, 2025

Avanse Financial Services Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2025

A. Equity Share Capital

(₹ in Lakhs)

Particulars	Balance as at April 1, 2023	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2024
Equity Share Capital	10,663.80	-	-	1,927.36	12,591.16

Particulars	Balance as at April 1, 2024	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2025
Equity Share Capital	12,591.16	-	-	-	12,591.16

*Refer note no. 20

B. Other Equity

(₹ in Lakhs)

	Reserves and Surplus					Other Comprehensive Income		
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Total
Balance as at 1 April 2023	**1,71,032.71**	**25,171.99**	**38.80**	**1,305.77**	**6,523.15**	**235.88**	**-**	**2,04,308.30**
Profit/(loss) for the year	-	34,240.18	-	-	-	-	-	34,240.18
Other Comprehensive Income/(loss)	-	(13.48)	-	-	-	(992.45)	35.27	(970.66)
Total Comprehensive Income for the year	**-**	**34,226.70**	**-**	**-**	**-**	**(992.45)**	**35.27**	**33,269.52**
Transfers to Statutory reserves as per Section 45-IC of the RBI Act, 1934	-	(6,851.39)	-	-	6,851.39	-	-	-
Charge/transfer for the year in respect of stock options	-	-	-	747.91	-	-	-	747.91
Securities premium on shares allotted during the year	1,18,810.79	-	-	-	-	-	-	1,18,810.79
Share issuance expenses	(1,820.37)	-	-	-	-	-	-	(1,820.37)
Effective portion of cash flow hedge reserve reclassified to profit and loss	-	-	-	-	-	(235.88)	-	(235.88)
Transfer on allotment of shares to employees pursuant to ESOP scheme	140.80	-	8.65	(149.45)	-	-	-	-
Balance as at 31 March 2024	**2,88,163.93**	**52,547.30**	**47.45**	**1,904.23**	**13,374.54**	**(992.45)**	**35.27**	**3,55,080.27**

Avanse Financial Services Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2025

(₹ in Lakhs)

	Reserves and Surplus					Other Comprehensive Income		Total
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	
Balance as at 1 April 2024	**2,88,163.93**	**52,547.30**	**47.45**	**1,904.23**	**13,374.54**	**(992.45)**	**35.27**	**3,55,080.27**
Profit/(loss) for the year	-	50,212.30	-	-	-	-	-	50,212.30
Other Comprehensive Income/(loss)	-	(66.26)	-	-	-	(4,604.54)	60.04	(4,610.76)
Total Comprehensive Income for the year	**-**	**50,146.04**	**-**	**-**	**-**	**(4,604.54)**	**60.04**	**45,601.54**
Transfers to Statutory reserves as per Section 45-IC of the RBI Act, 1934	-	(10,084.54)	-	-	10,084.54	-	-	-
Charge/Transfer for the year in respect of Stock Options	-	-	-	931.64	-	-	-	931.64
Securities premium on shares allotted during the year	(4.53)	-	-	-	-	-	-	(4.53)
Share issuance expenses		-	-	-	-	-	-	-
Securities premium on conversion of compulsory convertible preference shares to equity	-	-	-	-	-	-	-	-
Effective portion of cash flow hedge reserve reclassified to profit and loss	-	-	-	-	-	-	-	-
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	-			-	-	-	-
Balance as at 31 March 2025	**2,88,159.40**	**92,608.80**	**47.45**	**2,835.87**	**23,459.08**	**(5,596.99)**	**95.31**	**4,01,608.92**

The accompanying notes form an integral part of the Consolidated Financial Statements 1 to 47.

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

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

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director and Chief Executive Officer

DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai

Date : April 30, 2025

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : April 30, 2025

1. Corporate Information

Avanse Financial Services Limited (the 'Group') is a public Group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Group is a non-banking financial Group registered with the Reserve Bank of India ('RBI') and is primarily engaged in the business of financing education loans to students and education infrastructure loans to institutions. The Group is registered with Ministry of Corporate Affairs (Corporate Identity Number (CIN) U67120MH1992PLC068060). The non-convertible debentures of the Group are listed on BSE Limited.

The details of registration with RBI are as follows:
Registration number: B-13.01704
Category: Systemically Important Non-deposit taking Non-Banking Financial Group (NBFC NDSI)
Classification: Investment and Credit Group (ICC)
Layer: Middle Layer (NBFC-ML)

The registered office of the Group is E-Wing, 4th Floor, Times Square, Andheri - Kurla Rd, Gamdevi, Marol, Andheri East, Mumbai, Maharashtra 400059.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of Accounting and Preparation of Financial statements

Presentation of financial statements
The Consolidated Financial Statements comprises of the Consolidated Balance Sheet as at March 31, 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income/(Loss)), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended March 31, 2025 and the statement of material accounting policies and explanatory notes (together referred to as "Consolidated Financial Statements").
The Consolidated Financial Statements of Avanse Financial Services Limited ('the Parent') and its wholly owned subsidiary Group i.e. Avanse Global Finance IFSC Private Limited (hereinafter collectively referred as 'the Group') have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Reserve Bank of India (Non-Banking Financial Group – Scale Based Regulation) Directions, 2023 as amended from time to time. The Group uses accrual basis of accounting. The Group prepares and presents its Balance Sheet, Statement of Profit and Loss and the Changes in Equity in the format prescribed by Division III of schedule III of the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

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

Basis of Consolidation
The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiary as at March 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Valuation governance framework

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 (Share Based payments), leasing transactions that are within the scope of Ind AS 116 (Leases), and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36 (Impairment of Assets).

Valuation principles

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

The Consolidated Financial Statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

Maintenance of Books of Accounts

The Group has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 relating to maintenance of electronic books of account and other relevant books and papers. The Group's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.

With respect to maintenance of audit trail in respect of accounting software used by the Group pursuant to the requirements of the Companies (Accounts) Rules, 2014, refer note 45.

2.2 (a) Property, plant and equipment and Intangible Assets

i. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE if it meets the cost criteria which is directly attributable to the the asset acquired.

Depreciation/amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under. Leasehold improvement is depreciated on SLM over the lease term subject to a maximum of 60 months.

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

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

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

ii. Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

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

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

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

2.2(b) Impairment on non-financial assets

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

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

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

2.3 Revenue Recognition

a. Interest Income

The Group recognises interest income using effective interest rate method (EIR) on all interest bearing financial assets subsequently measured under amortised cost. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, the Group recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Group recognises the interest income by applying the EIR to the gross carrying amount of financial assets.

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

b. Fees and Commission Income

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation.

Delayed payment charges (penal charges) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation basis.

Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group considers the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Group excludes the estimates of variable consideration that are constrained. The Group applies the five-step approach for recognition of revenue:

i. Identification of contract(s) with customers;
ii. Identification of the separate performance obligations in the contract;
iii. Determination of transaction price;
iv. Allocation of transaction price to the separate performance obligations; and
v. Recognition of revenue when (or as) each performance obligation is satisfied.

Fee and commission income include fees other than those that are an integral part of EIR. The fee & commission included in this part of the Consolidated Statement of profit and loss (including other comprehensive income) include among other things fees charged for servicing a loan, commission on forex and insurance commission.

Fee and Commission Income are recognised after the performance obligation in the contract is fulfilled and commission income such as insurance commission and fee income, etc. are recognised on point in time or over the period basis, as applicable.

c. Investment Income

The gains/losses on sale of investments are recognised in the Consolidated Statement of Profit and Loss (including other comprehensive income) on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

d. Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio 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 is based on the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee and recorded upfront (net off of servicing cost) in the Consolidated Statement of Profit and Loss (including other comprehensive income). EIS is evaluated and adjusted for ECL and expected prepayment.

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 option to extend or terminate the lease before the end of the lease term. As a lessee, the Group determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Group 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-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in the Consolidated Statement of Profit and Loss (including other comprehensive income).

For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

2.5 Borrowing costs

Interest expenses is calculated using effective interest rate ('EIR') and calculation of the EIR includes all fees paid that are incremental and directly attributable to the issue of a financial liability. EIR is calculated by considering all costs attributable to acquisition of a financial liability and it represents a rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

All other borrowing costs which are not incremental and not directly attributable to the issue of a financial liability are recognised in the Consolidated Statement of Profit and Loss (including other comprehensive income) in the period in which they are incurred.

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 Consolidated Statement of profit & loss (including other comprehensive income) is credited with corresponding decrease in equity.

Defined Contribution Plan

Payments to defined contribution plans are recognised as expense in the Statement of Profit and Loss (including other comprehensive income) of the period when employees have rendered service entitling them to the contributions. The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payment is available.

The Group's contribution paid/payable during the period to National Pension Scheme is recognised in the Consolidated Statement of Profit and Loss (including other comprehensive income).

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.

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

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

Long-term incentive plan

The cost of the Long-Term Incentive Plan (LTIP) is recognised over the vesting period starting from the grant date, based on the estimated fair value of the awards. The Group's liability is determined based on certain assumptions regarding expected attrition, discount rate and other relevant vesting conditions. Expenses towards long-term incentive is recognised in the Consolidated Statement of Profit and Loss.

Short-term employee benefits

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

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 Consolidated Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income ('OCI') or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively.

Current Tax

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

Deferred Tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.8 Goods and Service Tax Input Credit

Goods and Services tax (GST) input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits. GST not available for credit is charged under respective nature of expenses.

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 and
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 Cash and Cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Consolidated Balance Sheet.

2.12 Financial Instruments

Recognition of Financial Instruments

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

Initial Measurement of Financial Instruments

The financial assets and financial liabilities are initially measured at fair value, except for trade receivables. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Consolidated Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:
• If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
• In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

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

Cash Flow Hedge

The Group designates certain cross currency interest rate swap contracts and interest rate swap contracts as cash flow hedges to mitigate interest rate risk and foreign exchange rate risk exposure on external commercial borrowings and foreign currency loans. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Consolidated Statement of Profit and Loss (including other comprehensive income). If the hedging instrument no longer meets the criteria for hedge accounting, it is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period of the hedge was effective, remains in cash flow hedge reserve until the ECB is derecognised. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Consolidated Statement of Profit and Loss (including other comprehensive income) upon the derecognition of the hedged item.

2.13 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;
• Debt instrument that are held in a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and that have contractual cash flows that are SPPI on the principal amount outstanding, are measured at at fair value through other comprehensive income (FVOCI);
• All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:
• The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and

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

A financial asset is held for trading if:
• It has been acquired principally for the purpose of selling it in the near term; or
• On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
• It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Debt instruments at amortised cost or at FVOCI
The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the individual asset basis and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are meeting 'solely payments of principal and interest' ('SPPI') test.

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

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

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

Financial assets at fair value through profit or loss (FVTPL)
Debt instruments that do not meet the amortised cost criteria or FVOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVOCI criteria but are designated as at FVTPL are measured at FVTPL.

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

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

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 Consolidated Statement of Profit and Loss account (including other comprehensive income).

Impairment of financial assets
Overview of the Expected Credit Loss (ECL) principle
The Group records allowance for ECL for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

Loans:
ECL are a probability-weighted estimate of the present value of credit losses. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original EIR (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 ECL if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. 12-month ECL are portion of the life-time ECL and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

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

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

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

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:
- Stage 1 - Assets upto 30 days of principal/interest overdue.
- Stage 2 - (a) Assets with principal/interest past due between 30 to 90 days (b) where the contractual terms of the loans were renegotiated/modified as per the RBI circular on resolution framework for Covid-19 related stress dated August 6, 2020 and May 5, 2021 and which are not classified as Stage 3 (c) Loans where credit risk has increased significantly basis qualitative assessment of the borrower.
- Stage 3 - Non-performing assets (credit impaired assets) with principal/interest past due more than 90 days and cases where frauds have been identified. Loan accounts where principal and/or interest are past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

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

Significant Increase in Credit Risk:
Accounts which are in 31 - 90 days overdue bucket 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 overdue).

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 days overdue 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.

Other financial assets:
The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the Consolidated Balance Sheet.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 and loans under short term financing, the Group always measures the loss allowance at an amount equal to lifetime ECL. Further, for the purpose of measuring lifetime ECL allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109.

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

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

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

Transaction costs incurred in relation to an equity transaction are deducted from equity, net of associated income tax, if any.

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

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

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

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

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

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

Derecognition of financial liabilities

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

2.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by 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 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

3.1 Preparation of Financial Statements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Consolidated Financial Statements are prudent and reasonable.
Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise. Accounting estimates and judgements are used in various line items in the Consolidated Financial Statements for e.g.:

· Business model assessment (Refer note no. 2.13 and 7)
· Fair value of financial instruments (Refer note no. 40.2)
· Impairment of financial assets (Refer note no. 2.13 and 7)
· Provisions and contingent liabilities (Refer note no. 2.9 and 30)
· Provision for tax expenses (Refer note no. 2.7 and 10)
· Effective interest rate (Refer note no. 2.3, 2.5, 22 and 25)
· Short term and long term employee benefit (Refer note no. 2.6, 18, 27 and 36)

3.2 Accounting Standards (Amendment to Ind AS)

The Ministry of Corporate Affairs notified new standards or amendment to existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

The Group applied following amendments for the first-time during the current year which are effective from 1 April 2024:
Amendments to Ind AS 116 - Lease liability in a sale and leaseback
The amendments require an entity to recognise lease liability including variable lease payments which are not linked to index or a rate in a way it does not result into gain on Right of Use asset it retains.

Introduction of Ind AS 117

MCA notified Ind AS 117, a comprehensive standard that prescribe, recognition, measurement and disclosure requirements, to avoid diversities in practice for accounting insurance contracts and it applies to all companies i.e., to all "insurance contracts" regardless of the issuer. However, Ind AS 117 is not applicable to the entities which are insurance companies registered with IRDAI.

The Group has reviewed the new pronouncements and based on its evaluation, has determined that these amendments do not have an impact on the Group's Consolidated Financial Statements.

4. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash on hand	2.28	2.38
Balances with banks:		
- In Current accounts	75,019.47	34,629.95
- In Fixed deposit (with original maturity of 3 months or less)	43,490.76	95,438.43
Cheques on hand	11.63	5.23
Total	**1,18,524.14**	**1,30,075.99**

5. Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed deposits (with original maturity of more than 3 months)		
Encumbered (refer note 5.1)	2,251.70	2,630.76
Unencumbered	6,266.40	20,329.98
Total	**8,518.10**	**22,960.74**

5.1 Encumbrances on fixed deposits held by the Group

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed deposits pledged for:		
Availing credit enhancement towards securitisation transactions	2,250.52	2,629.63
Bank overdrafts	1.18	1.13
Total	**2,251.70**	**2,630.76**

6. Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured; considered good	2,175.31	919.38
Unsecured; which has significant increase in credit risk	-	47.71
Total	**2,175.31**	**967.09**
Impairment loss allowance	-	47.71
Net receivables	**2,175.31**	**919.38**

(i) 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.
(ii) 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.
(iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment							
As at March 31, 2025	Unbilled due	Not due	0- 6 Months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	1,173.90	364.71	609.13	27.37	0.20	-	-	**2,175.31**
Disputed – considered good	-	-	-	-	-	-	-	-
Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	**1,173.90**	**364.71**	**609.13**	**27.37**	**0.20**	-	-	**2,175.31**

Particulars	Outstanding for following periods from due date of payment							
As at March 31, 2024	Unbilled due	Not due	0- 6 Months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	583.75	319.37	16.06	0.20	-	-	-	**919.38**
Disputed – considered good	-	-	-	-	-	-	-	**-**
Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	47.71	**47.71**
Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Undisputed – credit impaired	-	-	-	-	-	-	-	-
Disputed – credit impaired	-	-	-	-	-	-	-	-
Total	**583.75**	**319.37**	**16.06**	**0.20**	**-**	**-**	**47.71**	**967.09**

7. Loans

(₹. in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Term loans*	17,43,334.72	12,52,085.50
Total – Gross (A)	**17,43,334.72**	**12,52,085.50**
Less: Impairment loss allowance (refer note 26)	17,046.58	12,403.45
Total – Net (A)	**17,26,288.14**	**12,39,682.05**
(a) Secured by tangible assets	2,98,355.59	2,43,935.11
(b) Secured by lien over balance in bank accounts of the borrower, fixed deposits, government guarantee etc.**	1,26,498.08	78,670.70
(c) Unsecured	13,18,481.05	9,29,479.69
Total – Gross (B)	**17,43,334.72**	**12,52,085.50**
Less: Impairment loss allowance	17,046.58	12,403.45
Total – Net (B)	**17,26,288.14**	**12,39,682.05**
(I) Loans in India		
Public Sector	-	-
Others	17,43,334.72	12,52,085.50
Total - Gross (C)	**17,43,334.72**	**12,52,085.50**
Less: Impairment loss allowance	17,046.58	12,403.45
Total - Net (C)	**17,26,288.14**	**12,39,682.05**
(II) Loans outside India	-	-
Total (C)	**17,26,288.14**	**12,39,682.05**

*Loans includes excess interest spread on loans derecognised through direct assignment and co lending arrangements amounting to ₹14,277.68 lakhs and ₹8,480.79 lakhs as at March 31, 2025 and March 31, 2024 respectively.

** Includes loans temporarily secured by lien over balance in bank accounts of the borrower until their stated utilisation. The total amount of such lien is ₹116,577.84 lakhs and ₹70,229.86 lakhs as at March 31, 2025 and March 31, 2024 respectively.

7.1 The business model of the Group is to hold the assets for generating contractual cash flows on account of principal and interest and hence these are held at amortised cost. Sales, if any are insignificant and do not impact the business model.

7.2 The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification.

(₹ in Lakhs)

Category	As at March 31, 2025		
	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	17,27,516.50	10,329.57	17,17,186.93
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	11,366.82	2,947.23	8,419.59
Stage 3 - Credit impaired assets	4,451.40	3,769.78	681.62
Total	**17,43,334.72**	**17,046.58**	**17,26,288.14**

(₹ in Lakhs)

Category	As at March 31, 2024		
	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	12,34,759.86	5,829.33	12,28,930.53
Stage 2 – Assets for which there is significant increase in credit risk (including assets restructured under RBI COVID-19 framework)	12,002.17	2,863.35	9,138.82
Stage 3 - Credit impaired assets	5,323.47	3,710.77	1,612.70
Total	**12,52,085.50**	**12,403.45**	**12,39,682.05**

An analysis of changes in the gross carrying of loans:

(₹ in Lakhs)

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**12,34,759.86**	**12,002.17**	**5,323.47**	**12,52,085.50**
Transfer during the year				
Transfers to Stage 1	1,554.73	(984.82)	(569.91)	-
Transfers to Stage 2	(4,491.44)	4,711.53	(220.09)	-
Transfers to Stage 3	(3,049.03)	(1,155.94)	4,204.97	-
New credit exposure during the year, net of repayments	4,98,742.38	(3,206.12)	(2,138.81)	**4,93,397.45**
Amounts written off (net of of recovery)	-	-	(2,148.23)	**(2,148.23)**
Gross carrying amount closing balance*	**17,27,516.50**	**11,366.82**	**4,451.40**	**17,43,334.72**

*No. of loan accounts with principal and/or interest overdue as at March 31, 2025 is 650 (Stage 1), 831 (Stage 2) and 518 (Stage 3).

(₹ in Lakhs)

For the year ended March 31, 2024	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	8,21,842.37	20,024.63	4,721.21	**8,46,588.21**
Transfer during the year				
Transfers to Stage 1	1,621.06	(1,463.96)	(157.10)	-
Transfers to Stage 2	(2,206.95)	2,441.25	(234.30)	-
Transfers to Stage 3	(2,820.02)	(2,774.84)	5,594.86	-
New credit exposure during the year, net of repayments	4,16,323.40	(6,224.91)	(712.99)	**4,09,385.50**
Amounts written off (net of of recovery)	-	-	(3,888.21)	**(3,888.21)**
Gross carrying amount closing balance*	**12,34,759.86**	**12,002.17**	**5,323.47**	**12,52,085.50**

*No. of loan accounts with principal and/or interest overdue as at March 31, 2024 is 1,495 (Stage 1), 2,645 (Stage 2) and 1,851 (Stage 3).

An analysis of changes in impairment loss of loans: *(₹ in Lakhs)*

For the year ended March 31, 2025	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	**5,829.33**	**2,863.35**	**3,710.77**	**12,403.45**
Transfer during the year				
Transfers to Stage 1	66.01	(63.07)	(2.94)	-
Transfers to Stage 2	(1,558.12)	1,587.75	(29.63)	-
Transfers to Stage 3	(2,647.62)	(1,028.09)	3,675.71	-
Credit exposure during the year, net of repayments	8,639.97	(412.71)	(1,435.90)	**6,791.36**
Amounts written off (net of of recovery)	-	-	(2,148.23)	**(2,148.23)**
ECL allowance - closing balance#	**10,329.57**	**2,947.23**	**3,769.78**	**17,046.58**

(₹ in Lakhs)

For the year ended March 31, 2024	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	**1,845.43**	**4,123.08**	**3,272.79**	**9,241.30**
Transfer during the year				
Transfers to Stage 1	23.55	(21.67)	(1.88)	-
Transfers to Stage 2	(747.79)	834.66	(86.87)	-
Transfers to Stage 3	(829.11)	(842.00)	1,671.11	-
Credit exposure during the year, net of repayments	5,537.25	(1,230.72)	2,743.83	**7,050.36**
Amounts written off (net of of recovery)	-	-	(3,888.21)	**(3,888.21)**
ECL allowance - closing balance#	**5,829.33**	**2,863.35**	**3,710.77**	**12,403.45**

The ECL shown above is computed on EAD which comprises of the gross carrying amount adjusted for the following amounts:

Particulars	As at March 31 2025	As at March 31 2024
Undisbursed Loan	1,01,862.05	1,05,870.95

7.3 There are no loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

8. Investments

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At amortised cost		
- Treasury Bills (refer note 8.1 below)	24,373.52	24,314.56
Total- Gross (A)	**24,373.52**	**24,314.56**
Less: Allowance for impairment loss (B)	-	-
Total Net C (A-B)	**24,373.52**	**24,314.56**
i) Investments in India	24,373.52	24,314.56
ii) Investments outside India	-	-
Total (D)	**24,373.52**	**24,314.56**

Note 8.1

Name of instrument	As at March 31, 2025		As at March 31, 2024	
	No of units	Amount	No of units	Amount
Treasury Bill				
364 DTB 3-04-2025 - 6.40%	50,00,000	4,997.22	-	-
182 DTB 4-04-2025 - 6.57%	20,00,000	1,991.68	-	-
182 DTB 24-04-2025 - 6.59%	10,00,000	995.99	-	-
364 DTB 24-04-2025 - 6.57%	50,00,000	4,980.02	-	-
182 DTB 8-05-2025 - 6.38%	15,00,000	1,490.55	-	-
182 DTB 15-05-2025 - 6.62%	65,00,000	6,449.15	-	-
182 DTB 15-05-2025 - 6.38%	15,00,000	1,488.77	-	-
182 DTB 29-05-2025 - 6.43%	20,00,000	1,980.14	-	-
182 DTB 4-04-2024 - 7.09%	-	-	50,00,000	4,996.25
91 DTB 18-04-2024 - 6.96%	-	-	25,00,000	2,492.03
182 DTB 25-04-2024 - 7.00%	-	-	15,00,000	1,493.24
182 DTB 9-05-2024 - 7.01%	-	-	25,00,000	2,482.26
182 DTB 16-05-2024 - 7.03%	-	-	25,00,000	2,478.95
91 DTB 16-05-2024 - 7.01%	-	-	25,00,000	2,478.98
182 DTB 30-05-2024 - 6.85%	-	-	25,00,000	2,472.78
182 DTB 6-06-2024 - 6.92%	-	-	25,00,000	2,469.27
182 DTB 13-06-2024 - 6.91%	-	-	25,00,000	2,466.08
364 DTB 12-09-2024 - 7.05%	-	-	5,00,000	484.72
Total	**2,45,00,000**	**24,373.52**	**2,45,00,000**	**24,314.56**

9. Others financial assets *(₹ in Lakhs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Security deposits	1,512.30	1,323.50
Other advances*	469.89	126.60
Total	**1,982.19**	**1,450.10**

*Includes ₹149.41 lakhs and ₹13.67 lakhs as at March 31, 2025 and as at March 31, 2024 respectively receivable from third parties upon cancellation of loans.

10A. Current tax assets (net) *(₹ in Lakhs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Advance tax and tax deducted at source (Net of provision for tax ₹34,857.88 lakhs (March 31, 2024: ₹21,622.69 lakhs))	415.64	1,906.01
Total	**415.64**	**1,906.01**

10B. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	Balance as at April 01, 2024	Credit/(charge) to profit and loss	Credit/(charge) to OCI	Balance as at March 31, 2025
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	206.41	152.86	-	359.27
- Provision for gratuity and leave encashment	76.13	76.81	22.29	175.23
- ECL allowance on financial instruments	2,983.10	1,289.77	-	4,272.87
- Measurement of financial instruments at amortised cost	-	-	-	-
- Cash flow hedge reserve	333.78	-	1,548.63	1,882.41
- Losses to be carry forwarded to future years	5.88	38.77	-	44.65
Deferred Tax Assets (A)	**3,605.30**	**1,558.21**	**1,570.92**	**6,734.43**
Tax effect of items constituting deferred liabilities:				
- Cash flow hedge reserve	-	-	-	-
- Measurement of financial instruments at amortised cost	2,657.61	2,341.30	-	4,998.91
Deferred Tax Liabilities (B)	**2,657.61**	**2,341.30**	**-**	**4,998.91**
Deferred tax assets/(liabilities) Net (A-B)	**947.69**	**(783.09)**	**1,570.92**	**1,735.52**

(₹ in Lakhs)

Particulars	Balance as at April 01, 2023	Credit/(charge) to profit and loss	Credit/(charge) to OCI	Balance as at March 31, 2024
Tax effect of items constituting deferred tax assets:				
- Depreciation and amortisation	176.37	30.04	-	206.41
- Provision for gratuity and leave encashment	17.80	53.79	4.54	76.13
- ECL allowance on financial instruments	2,075.62	907.48	-	2,983.10
- Measurement of financial instruments at amortised cost	59.78	(59.78)	-	-
- Cash flow hedge reserve	-	-	333.78	333.78
- Losses to be carry forwarded to future years	-	5.88		5.88
Deferred tax assets (A)	**2,329.57**	**937.41**	**338.32**	**3,605.30**
Tax effect of items constituting deferred liabilities:				
- Cash flow hedge reserve	79.34	-	(79.34)	-
- Measurement of financial instruments at amortised cost	-	2,657.61	-	2,657.61
Deferred tax liabilities (B)	**79.34**	**2,657.61**	**(79.34)**	**2,657.61**
Deferred tax assets/(liabilities) Net (A-B)	**2,250.23**	**(1,720.20)**	**417.66**	**947.69**

Income tax recognised in Consolidated Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) Current tax:		
In respect of current year	16,218.63	9,968.72
In respect of prior years	-	-
	16,218.63	**9,968.72**
b)Deferred tax		
In respect of current year origination and reversal of temporary differences	783.09	1,720.20
In respect of prior years	-	-
	783.09	**1,720.20**
Total Income tax recognised in Consolidated Statement of Profit and Loss	**17,001.72**	**11,688.92**

Income tax recognised in Other Comprehensive Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax related to items recognised in Other Comprehensive Income during the year		
Remeasurement of defined employee benefits	22.29	4.54
Cash Flow hedge reserve	1,548.63	333.78
Total Income tax recognised in Other Comprehensive Income	**1,570.92**	**338.32**

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Consolidated Statement of Profit and Loss:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax	67,214.02	45,929.10
Applicable tax rate (%) (As per the Income Tax Act, 1961)	25.168%	25.168%
Expected income tax expense	16,916.42	11,559.44
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax on expenditure not considered for tax provision (net of allowance)	85.30	129.48
Income tax expense recognised in profit and loss	**17,001.72**	**11,688.92**
Effective tax rate	**25.29%**	**25.45%**

11. Property, Plant and Equipment

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses				Net Block
	As at April 1, 2024	Additions for the year	Deletions for the year	As at March 31, 2025	As at April 1, 2024	Charge for the year	Deletions for the year	As at March 31, 2025	As at March 31, 2025
Property, Plant and Equipment									
Owned assets:									
Freehold land #	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	522.29	791.80	142.04	1,172.05	441.17	164.51	168.33	437.35	734.70
Computers	1,284.06	312.86	215.60	1,381.32	856.86	287.23	215.69	928.40	452.92
Office equipment	615.28	480.63	314.36	781.55	431.56	140.90	287.50	284.96	496.59
Furniture and fixtures	111.95	191.31	98.24	205.02	86.79	33.18	81.61	38.36	166.66
Vehicle	2,155.41	1,548.95	67.02	3,637.34	553.66	718.77	32.12	1,240.31	2,397.03
Total	**4,701.44**	**3,325.55**	**837.26**	**7,189.73**	**2,370.05**	**1,344.59**	**785.25**	**2,929.38**	**4,260.35**
Leased Assets									
Right of use assets - Premises	6,118.41	586.40	-	6,704.81	1,716.82	1,097.06	-	2,813.88	**3,890.93**
Intangible Assets									
Computer software	4,737.30	2,159.80	51.92	6,845.18	3,385.52	1,148.60	41.71	4,492.41	**2,352.77**
Capital work in progress	886.70	-	886.70	-	-	-	-	-	-
Intangible assets under development	1,128.94	1,044.52	2,046.98	126.48	-	-	-	-	**126.48**

(₹ in Lakhs)

Description	Gross Block				Accumulated depreciation and impairment losses				Net block
	As at April 1, 2023	Additions for the year	Deletions for the year	As at March 31, 2024	As at April 1, 2023	Charge for the year	Deletions for the year	As at March 31, 2024	As at March 31, 2024
Property, Plant and Equipment									
Owned Assets:									
Freehold land #	12.45	-	-	12.45	-	-	-	-	12.45
Leasehold improvements	319.30	202.99	-	522.29	300.40	140.77	-	441.17	81.12
Computers	945.63	338.43	-	1,284.06	606.78	250.08	-	856.86	427.20
Office equipment	547.51	67.77	-	615.28	323.22	108.34	-	431.56	183.72
Furniture and fixtures	106.62	5.33	-	111.95	69.49	17.30	-	86.79	25.16
Vehicle	841.03	1,321.91	7.53	2,155.41	163.66	391.65	1.65	553.66	1,601.75
Total	**2,772.54**	**1,936.43**	**7.53**	**4,701.44**	**1,463.55**	**908.14**	**1.65**	**2,370.05**	**2,331.40**
Leased Assets									
Right of use assets - Premises	1,526.07	4,592.34	-	6,118.41	1,177.49	539.32	-	1,716.82	**4,401.59**
Intangible Assets									
Computer software	3,406.81	1,330.49	-	4,737.30	2,772.33	613.19	-	3,385.52	**1,351.78**
Capital work in progress	-	886.70	-	886.70	-	-	-	-	**886.70**
Intangible assets under development	464.12	1,871.04	1,206.22	1,128.94	-	-	-	-	**1,128.94**

#The Group has mortgaged one of its freehold land in Chennai on exclusive charge against specific secured non-convertible debentures.

Capital work in progress ageing schedule

(₹ in Lakhs)

Capital work in progress	As at March 31, 2025				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Capital work in progress	As at March 31, 2024				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	886.70	-	-	-	886.70
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development ageing schedule *(₹ in Lakhs)*

Intangible assets under development	As at March 31, 2025				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	126.48	-	-	-	126.48
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development	As at March 31, 2024				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	1,120.22	8.72	-	-	**1,128.94**
Projects temporarily suspended	-	-	-	-	-

Note:
1) The Group does not have any project temporary suspended and intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence intangible asset under development completion schedule is not applicable.
2) There is no immovable property where title deed of such immovable property is not held in name of the Group or jointly held with others.
3) The Group has not revalued its Property, Plant and Equipment (including Right—of—Use Assets and Intangible assets).

12. Other non-financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Prepaid expenses*	3,484.99	510.61
Balances with Government authorities	426.98	538.12
Capital Advances	292.67	69.31
Other advances**	360.63	875.31
Total	**4,565.27**	**1,993.35**

*The Holding Company has incurred certain expenses towards proposed initial public offering of its equity shares. The Holding Company expects to recover certain amounts from the selling shareholders and the balance amount would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013.
**Includes advances given to vendors and employees.

13. Trade payables *(₹ in Lakhs)*

Particulars	As at March 31, 2025	As at March 31, 2024
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	1.15	8.50
- Total outstanding dues of creditors other than micro and small enterprise	8,606.92	7,502.18
Total	**8,608.07**	**7,510.68**

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 Group. This has been relied upon by the auditors.

Disclosure pertaining to Micro and Small Enterprises as at March 31, 2025 are as under :

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1.15	8.50
(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	**1.15**	**8.50**

Particulars	Outstanding for following periods from due date of payment						
As at 31 March 2025	Unbilled Due	Not Due	0-1 years	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro and small enterprises	-	-	1.15	-	-	-	1.15
Total outstanding dues of creditors other than micro and small enterprises	8,583.80	5.76	13.86	2.33	1.17	-	8,606.92
Disputed dues of micro and small enterprise	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprise	-	-	-	-	-	-	-
Total	**8,583.80**	**5.76**	**15.01**	**2.33**	**1.17**	**-**	**8,608.07**

Particulars	Outstanding for following periods from due date of payment						
As at 31 March 2024	Unbilled Due	Not Due	0-1 years	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro and small enterprises	-	-	8.50	-	-	-	8.50
Total outstanding dues of creditors other than micro and small enterprises	7,242.70	6.18	252.13	1.17	-	-	7,502.18
Disputed dues of micro and small enterprise	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprise	-	-	-	-	-	-	-
Total	**7,242.70**	**6.18**	**260.63**	**1.17**	**-**	**-**	**7,510.68**

14. Debt securities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Secured		
Non-convertible debentures (refer note 14.1, 14.2, 14.3 and 14.4)	3,57,717.51	3,05,343.64
Unsecured		
Commercial papers (refer note 14.5)	14,242.19	-
Total	**3,71,959.70**	**3,05,343.64**
Debt securities in India	3,71,959.70	3,05,343.64
Debt securities outside India	-	-
Total	**3,71,959.70**	**3,05,343.64**

14.1 All the secured non-convertible debentures (NCD) of the Group including those issued during the year ended March 31, 2025 are fully secured by hypothecation of book debts/loan receivables. Additionally, the Group has mortgaged one of its freehold land in Chennai amounting to ₹7.50 lakhs on exclusive charge against specific secured NCDs. The Group has, at all times, for the secured NCDs, maintained sufficient asset cover as stated in the respective information memorandum towards the principal amount, interest accrued thereon, and such other sums as mentioned therein.

14.2 Details of Non-Convertible Debentures (NCD) (Secured) *(₹ in Lakhs)*

Particulars	As at March 31, 2025	As at March 31, 2024
INE087P07402	50,000.00	-
INE087P07337	50,000.00	50,000.00
INE087P07410	35,000.00	-
INE087P07469	30,000.00	-
INE087P07444	25,000.00	-
INE087P07287	25,000.00	25,000.00
INE087P07451	22,500.00	-
INE087P07386	20,000.00	-
INE087P07345	15,500.00	15,500.00
INE087P07394	15,000.00	-
INE087P07436	10,000.00	-
INE087P07360	10,000.00	10,000.00
INE087P07428	7,500.00	-
INE087P07311	7,500.00	7,500.00
INE087P07378	7,500.00	7,500.00
INE087P07329	5,000.00	20,000.00
INE087P07352	2,500.00	2,500.00
INE087P07022	2,500.00	2,500.00
INE087P07048	1,500.00	1,500.00
INE087P07303	9.00	10,000.00
INE087P07246	-	40,000.00
INE087P07295	-	25,000.00
INE087P07238	-	20,000.00
INE087P07253	-	20,000.00
INE087P07204	-	15,000.00
INE087P07279	-	15,000.00
INE087P07261	-	100.00
	3,42,009.00	**2,87,100.00**
Interest accrued but not due	16,577.21	19,671.12
Impact of effective interest rate	(868.70)	(1,427.48)
	3,57,717.51	**3,05,343.64**

14.3 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2025 *(₹ in Lakhs)*

Original maturity of loan	Residual maturity of NCD (Secured)				
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par and at maturity					
Up to 2 years	34,900.00	-	-	-	34,900.00
Over 2 to 3 years	32,609.00	65,500.00	1,70,000.00	-	2,68,109.00
Over 3 to 4 years	-	22,500.00	-	10,000.00	32,500.00
Over 4 years	4,000.00	-	-	2,500.00	6,500.00
Total at face value	**71,509.00**	**88,000.00**	**1,70,000.00**	**12,500.00**	**3,42,009.00**
Interest accrued but not due					16,577.21
Impact of effective interest rate					(868.70)
Total amortised cost					**3,57,717.51**

-Interest rate ranges from 8.91% to 10.10% as at March 31, 2025.

14.4 Details of maturity pattern of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2024

(₹ in Lakhs)

Original maturity of loan	Residual maturity of NCD (Secured)				
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par and at maturity					
Up to 2 years	40,100	-	-	-	40,100.00
Over 2 to 3 years	70,000	67,500	65,500	-	2,03,000.00
Over 3 to 4 years	-	-	37,500	-	37,500.00
Over 4 years	-	4,000	-	2,500	6,500.00
Total at face value	**1,10,100.00**	**71,500.00**	**1,03,000.00**	**2,500.00**	**2,87,100.00**
Interest accrued but not due					19,671.12
Impact of effective interest rate					(1,427.48)
Total amortised cost					**3,05,343.64**

-Interest rate ranges from 9.05% to 10.25% as at March 31, 2024.

14.5 Terms of repayment of commercial papers

(₹. in Lakhs)

Particulars	As at 31 March 2025	As at 31 March 2024
Redeemable at par with original maturity up to 1 year		
- Due within 1 year (amount at face value)	15,000.00	-
Impact of EIR	(757.81)	-
Total amortised cost	**14,242.19**	**-**

-Interest rate ranges from 9.15% to 9.25% p.a. as at March 31, 2025. There were no commercial papers outstanding as on March 31, 2024.

15. Borrowings (Other than debt securities)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
At amortised cost (within India)		
Secured		
Term loans from banks (refer note 15.1, 15.2 and 15.3)	8,08,399.64	5,73,369.29
Term loans from financial institutions (refer note 15.1, 15.4 and 15.5)	21,858.60	18,775.80
Cash credit from banks (refer note 15.1, 15.6 and 15.7)	1,519.78	1,628.72
Securitisation liabilities (refer note 15.1, 15.8 and 15.9)	6,849.12	16,387.68
Total (A)	**8,38,627.14**	**6,10,161.49**
At amortised cost (outside India)		
Secured		
External commercial borrowing (ECB) (refer note 15.10 and 15.11)	2,31,714.73	92,972.23
Total (B)	**2,31,714.73**	**92,972.23**
Total (C) = (A) + (B)	**10,70,341.87**	**7,03,133.72**

15.1 Term loans from banks and financial institutions, cash credit from banks and ECBs of the Group including those borrowed during the year ended March 31, 2025 are fully secured by hypothecation of book debts, loan receivables and other current assets (including investments). Securitisation borrowings of the Group are secured against specific pool of receivables for each Special Purpose Vehicle and credit enhancement.

15.2 Details of term loans from banks (Secured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable in monthly installments										
Over 2 to 3 years	12	3,636.36	2	606.44	-	-	-	-	14	4,242.80
Over 3 to 4 years	3	281.25	-	-	-	-	-	-	3	281.25
Over 4 years	180	27,116.95	158	25,541.95	123	19,166.95	68	9,622.70	529	81,448.55
Repayable in quarterly installments										
Up to 2 years	4	5,000.00	3	3,742.80	-	-	-	-	7	8,742.80
Over 2 to 3 years	23	34,970.00	18	33,136.67	9	27,205.81	2	11,120.00	52	1,06,432.48
Over 3 to 4 years	65	29,998.81	56	26,246.63	36	16,567.89	9	5,694.90	166	78,508.23
Over 4 years	235	1,35,675.08	217	1,33,545.02	164	1,07,291.17	159	1,40,958.77	775	5,17,470.04
Repayable in half yearly installments										
Up to 2 years	2	10,000.00	1	4,999.95	-	-	-	-	3	14,999.95
Total face value		**2,46,678.45**		**2,27,819.46**		**1,70,231.82**		**1,67,396.37**		**8,12,126.10**
Interest accrued but not due										695.39
Impact of effective interest rate										(4,421.85)
Total amortised cost										**8,08,399.64**

-Interest rate ranges from 8.76% to 10.80% p.a as at March 31, 2025.
-The rate of interest for the above term loans is linked to the MCLR/base rates of the banks and is subject to change from time to time.

15.3 Details of term loans from banks (Secured) as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable in monthly installments										
Over 2 to 3 years	12	3,636.36	12	3,636.36	2	602.78	-	-	26	7,875.50
Over 3 to 4 years	12	1,683.57	3	281.25	-	-	-	-	15	1,964.82
Over 4 years	170	26,166.95	168	25,916.95	146	24,341.96	165	25,716.60	649	1,02,142.46
Repayable in quarterly installments										
Up to 2 years	4	2,997.74	-	-	-	-	-	-	4	2,997.74
Over 2 to 3 years	10	3,166.67	7	2,416.67	2	581.95	-	-	19	6,165.29
Over 3 to 4 years	47	17,966.16	50	18,663.76	36	12,716.03	17	3,963.41	150	53,309.36
Over 4 years	204	1,08,571.36	177	99,496.02	161	93,876.61	160	1,00,093.29	702	4,02,037.28
Repayable on maturity										
Up to 2 years	1	490.00	-	-	-	-	-	-	1	490.00
Total face value		**1,64,678.81**		**1,50,411.01**		**1,32,119.33**		**1,29,773.30**		**5,76,982.45**
Interest accrued but not due										15.44
Impact of effective interest rate										(3,628.60)
Total amortised cost										**5,73,369.29**

-Interest rate ranges from 9.12% to 10.80% p.a as at March 31, 2024.
-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.

15.4 Details of term loans from financial institutions as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable in monthly installments										
Over 3 to 4 years	66	6,715.16	33	3,928.57	18	2,143.86	-	-	117	12,787.59
Over 4 years	9	779.05	12	1,128.23	12	1,238.18	24	2,854.54	57	6,000.00
Repayable in yearly installments										
Over 4 years	1	800.00	3	2,200.02	-	-	-	-	4	3,000.02
Total face value		**8,294.21**		**7,256.82**		**3,382.04**		**2,854.54**		**21,787.61**
Interest accrued but not due										84.39
Impact of effective interest rate										(13.40)
Total amortised cost										**21,858.60**

-Interest rate ranges from 9.40% to 10.40% p.a as at March 31, 2025.

15.5 Details of term loans from financial institutions as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable in monthly installments										
Over 3 to 4 years	60	5,746.08	55	5,359.50	21	2,500.00	5.00	595.24	141	14,200.82
Repayable in yearly installments										
Over 4 years	2	1,500.00	2	1,500.00	2	1,500.00	-	-	6	4,500.00
Total face value		**7,246.08**		**6,859.50**		**4,000.00**		**595.24**		**18,700.82**
Interest accrued but not due										115.30
Impact of effective interest rate										(40.32)
Total amortised cost										**18,775.80**

-Interest rate ranges from 6.00% to 10.15% p.a as at March 31, 2024.

15.6 Details of cash credit from banks as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Up to 2 years	1	1,519.78	-	-	-	-	-	-	1	1,519.78
Total amortised cost		**1,519.78**								**1,519.78**

-Interest rate ranges from 9.50% to 9.60% p.a as at March 31, 2025.

15.7 Details of cash credit from banks as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Up to 2 years	1	1,628.72	-	-	-	-	-	-	1	1,628.72
Total amortised cost		**1,628.72**								**1,628.72**

-Interest rate is at 9.30% p.a as at March 31, 2024.

15.8 Details of securitisation liabilities as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable monthly										
Over 4 years	27	2,496.04	24	1,646.56	21	1,403.82	20	900.98	92	6,447.40
Repayable on maturity										
Over 4 years	2	353.59	-	-	-	-	-	-	2	353.59
Total face value		**2,849.63**		**1,646.56**		**1,403.82**		**900.98**		**6,800.99**
Interest accrued but not due										50.00
Impact of effective interest rate										(1.87)
Total amortised cost										**6,849.12**

-Interest rate ranges from 8.00% to 9.65% p.a as at March 31, 2025.

15.9 Details of securitisation liabilities as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable monthly										
Over 4 years	51	8,919.78	30	1,917.72	24	2,063.40	43	3,106.86	148	16,007.76
Repayable on maturity										
Over 4 years	-	-	1	353.59	-	-	-	-	1	353.59
Total face value		**8,919.78**		**2,271.31**		**2,063.40**		**3,106.86**		**16,361.35**
Interest accrued but not due										50.18
Impact of effective interest rate										(23.85)
Total amortised cost										**16,387.68**

-Interest rate ranges from 8.00% to 10.15% p.a as at March 31, 2024.

15.10 Details of external commercial borrowings as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable monthly										
Over 3 to 4 years	-	-	-	-	7	29,309.00	2	8,374.00	9	37,683.00
Repayable quarterly										
Over 3 to 4 years	-	-	1	4,187.00	2	8,374.00	-	-	3	12,561.00
Over 4 years	4	1,635.93	4	1,635.94	4	1,635.94	9	3,680.87	21	8,588.68
Repayable on maturity										
Over 2 to 3 years	-	-	-	-	2	50,788.00	-	-	2	50,788.00
Over 3 to 4 years	-	-	2	84,510.35	1	33,538.00	-	-	3	1,18,048.35
Total face value		**1,635.93**		**90,333.29**		**1,23,644.94**		**12,054.87**		**2,27,669.03**
Interest accrued but not due										1,924.86
Impact of effective interest rate										(2,429.91)
Impact of mark to market										4,550.75
Total amortised cost										**2,31,714.73**

-Interest rate ranges from 8.93% to 10.04% p.a as at March 31, 2025.

15.11 Details of external commercial borrowings as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable quarterly										
Over 4 years	4	1,555.88	4	1,555.88	4	1,555.88	13	5,056.59	25	9,724.23
Repayable on maturity										
Over 2 to 3 years	-	-	-	-	1	36,248.55	-	-	1	36,248.55
Over 3 to 4 years	-	-	-	-	1	48,261.80	-	-	1	48,261.80
Total face value		**1,555.88**		**1,555.88**		**86,066.23**		**5,056.59**		**94,234.58**
Interest accrued but not due										416.59
Impact of effective interest rate										(1,874.46)
Impact of mark to market										195.52
Total amortised cost										**92,972.23**

-Interest rate ranges from 9.90% to 10.30% p.a as at March 31, 2024.

15.13 The borrowings have not been guaranteed by directors or others. Also, the Group has not defaulted in repayment of principal and interest.

15.14 Disclosure of information related to borrowings from banks or financial institutions on the basis of security of current assets -
The quarterly returns or statements comprising (book debt statements and other stipulated financial information) filed by the Group with such banks are in agreement with the books of account of the Group.

16. Subordinated liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured		
Non-convertible debentures (refer note 16.1, 16.2 and 16.3)	5,056.51	5,047.52
Total	**5,056.51**	**5,047.52**
Subordinated liabilities in India	5,056.51	5,047.52
Subordinated liabilities outside India	-	-
Total	**5,056.51**	**5,047.52**

16.1 Details of Non-convertible debentures (Unsecured)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
INE087P08020	2,500.00	2,500.00
INE087P08038	2,500.00	2,500.00
	5,000.00	**5,000.00**
Interest accrued but not due	78.75	78.76
Impact of effective interest rate	(22.24)	(31.24)
	5,056.51	**5,047.52**

16.2 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2025

(₹ in Lakhs)

Original maturity of loans	Residual maturity of NCD				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
	Amount	Amount	Amount	Amount	
Repayable on maturity					
Over 4 years	-	-	5,000		5,000
Total face value	**-**	**-**	**5,000**	**-**	**5,000**
Interest accrued but not due					78.75
Impact of effective interest rate					(22.24)
Total amortised cost					**5,056.51**

-Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2025.

16.3 Details of maturity pattern of Non-convertible debentures (Unsecured) as at March 31, 2024

(₹ in Lakhs)

Original maturity of loans	Residual maturity of NCD				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
	Amount	Amount	Amount	Amount	
Repayable on maturity					
Over 4 years	-	-	-	5,000	5,000
Total face value	**-**	**-**	**-**	**5,000**	**5,000**
Interest accrued but not due					78.76
Impact of effective interest rate					(31.24)
Total amortised cost					**5,047.52**

-Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2024.

17. Other financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits	3,704.92	3,340.53
Advance received from customers	11,301.64	9,632.97
Book overdraft	214.17	8,998.28
Loan payable*	-	14,596.22
Lease liability (Refer note 31)	4,162.76	4,461.50
Amounts payable under Direct assignment & Co-lending arrangement	4,912.90	1,472.25
Total	**24,296.39**	**42,501.75**

*Towards request for disbursement received from borrowers against loans duly sanctioned and contracted

18. Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
- Gratuity (refer note 36)	488.95	242.92
- Compensated absences Fund	209.81	59.55
Total	**698.76**	**302.47**

19. Other non-financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues	1,118.34	1,708.38
Total	**1,118.34**	**1,708.38**

20. Equity share capital

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
AUTHORISED		
350,000,000 Equity Shares of ₹5 each	17,500.00	17,500.00
(As at March 31, 2024: 175,000,000 Equity Shares of ₹10 each)		
25,000,000 Preference Shares of ₹10 each	2,500.00	2,500.00
(As at March 31, 2024 : 25,000,000 Preference Shares of ₹10 each)		
	20,000.00	**20,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
251,823,232 Equity Shares of ₹5 each	12,591.16	12,591.16
(As at March 31, 2024 : 125,911,616 Equity Shares of ₹10 each)		
	12,591.16	**12,591.16**

The Board of Directors of the holding company in its meeting held on April 4, 2024, and Shareholders in the Extraordinary General Meeting held on April 26, 2024, approved the sub-division of equity shares from ₹10 per share to ₹5 per share.

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

(₹ in Lakhs)

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,59,11,616	12,591.16	10,66,38,002	10,663.80
Shares issued during the year	-	-	1,92,73,614	1,927.36
Additional shares issued during the year pursuant to sub-division of equity shares	12,59,11,616	-	-	-
Shares outstanding at the end of the year	**25,18,23,232**	**12,591.16**	**12,59,11,616**	**12,591.16**

20.1 (b) Shares reserved for issue under employee stock option plan (ESOP)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Equity shares of ₹5 fully paid up		
Number of shares reserved for ESOPs (Refer note 39)	1,14,31,626	85,32,082

20.1 (c) Rights, preferences and restrictions

The Group has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive the remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	%	Number	%
Olive Vine Investment Ltd*	14,93,94,074	59.32%	7,46,97,037	59.32%
Kedaara Capital Growth Fund III LLP	3,53,77,880	14.05%	1,76,88,940	14.05%
International Finance Corporation	2,90,81,784	11.55%	1,45,40,892	11.55%
Alpha Investment Group LLC	2,58,80,662	10.28%	1,29,40,331	10.28%

* Including shares held jointly with nominee Shareholders.

20.1. (e) Shareholding of promoters

As at March 31, 2025

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of ₹5 each fully paid	Olive Vine Investment Ltd* (Holding Company)	7,46,97,037	7,46,97,037	-	14,93,94,074	59.32%	Nil

* Including shares held jointly with nominee Shareholders.

As at March 31, 2024

S. No.	Promoter Name	No of Shares at the beginning of the year	Additional shares pursuant to share split issued during the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of ₹10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	7,46,97,037	-	-	7,46,97,037	59.32%	Nil

* Including shares held jointly with nominee Shareholders.

20.1. (f) There are no shares that have been allotted during last 5 years pursuant to a contract without payment being received in cash, or by way of bonus shares. The Group has not bought back any class of shares during last 5 years.

21.Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Securities premium	2,88,159.40	2,88,163.93
General reserve	47.45	47.45
Statutory reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	23,459.08	13,374.54
Stock options reserve	2,835.87	1,904.23
Cash flow hedge reserve	(5,596.99)	(992.45)
Foreign currency translation reserve	95.31	35.27
Retained earnings	92,608.80	52,547.30
TOTAL	**4,01,608.92**	**3,55,080.27**

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

Description of the nature and purpose of Other Equity

Securities premium
Securities premium account is used to record the premium on issue of shares and utilisation towards share issue expenses. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve
The general reserve is a free reserve, retained from Group's profits and can be utilised upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

Statutory reserve as per Section 45–IC of the RBI Act, 1934
Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared.

Stock option reserve
The Stock options reserve represents the cumulative fair value of stock options recognised as employee cost over the period in accordance with Ind AS 102 'Share based payments'.

Cash flow hedge reserve
It represents the cumulative gain/(loss) arising on revaluation of the derivative instruments designated as cash flow hedges through other comprehensive income.

Foreign currency translation reserve:
It represents the net impact of changes of conversion of its standalone financial statement by subsidiary in presentation currency (INR) from functional currency (USD) in which it operates wherein income and expenses are translated at average rate and the assets and liabilities except equity shares are stated at closing rate.

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

22.Interest income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial assets measured at amortised cost		
- Interest on loans	1,96,443.55	1,38,643.32
- Interest Income on fixed deposits with bank	3,194.97	4,509.31
- Interest Income from treasury bills	1,801.80	1,220.20
Total	**2,01,440.32**	**1,44,372.83**

23.Fees and commission income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Referral commission	5,920.21	5,180.02
Commission income*	11,861.61	9,294.72
Prepayment, other fees and charges	4,926.21	3,954.96
Total	**22,708.03**	**18,429.70**

*Includes insurance commission of ₹5,535.72 lakhs for the year ended March 31, 2025 and ₹4,461.28 lakhs for the year ended March 31, 2024.

Set out below is the revenue from contracts with customers and reconciliation to the Consolidated Statement of Profit and Loss

Geographical markets		
- India	22,708.03	18,429.70
- Outside India	-	-
Total	**22,708.03**	**18,429.70**

Timing of revenue recognition		
Services transferred at a point in time	22,708.03	18,429.70
Services transferred over time	-	-
Total	**22,708.03**	**18,429.70**

Note: For receivable balances against the income, refer note no 6.

24.Net gain on fair value changes

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Realised gain on sale of mutual funds - at FVTPL	1,466.76	1,324.94
Total	**1,466.76**	**1,324.94**

25.Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	87,349.42	56,115.75
Interest on debt securities	33,181.53	30,099.87
Interest on subordinated liabilities	480.24	737.45
Finance cost on lease liability	371.08	80.88
Other finance charges	317.46	529.84
Total	**1,21,699.73**	**87,563.79**

Note: There are no financial liabilities measured at FVTPL.

26.Impairment of financial instruments

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial assets measured at amortised cost		
Expected credit loss		
-Loans	4,595.30	3,321.18
-Other financial assets	(47.71)	-
Bad debts written off		
-Loans	1,883.85	4,638.11
-Other financial assets	47.71	-
Total	**6,479.15**	**7,959.29**

27. Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, bonus and other allowances	14,833.44	12,456.10
Contribution to Provident Fund and Other Funds (refer note 36)	629.21	485.85
Gratuity (refer note 36)	165.60	117.46
Employee share based payment expenses	931.64	747.90
Staff welfare expenses	440.06	281.56
Total	**16,999.95**	**14,088.87**

28. Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Business sourcing expenses	4,966.23	4,113.42
Information technology expense	4,090.36	3,645.62
Manpower outsourcing	2,515.52	1,698.41
Legal & professional expenses	2,209.84	2,081.58
Travelling and conveyance	1,410.34	1,110.01
Rating fees	719.05	437.17
Corporate social responsibility expenses (refer note 35)	507.38	231.00
Rent	277.05	237.67
Advertising	265.06	78.43
Insurance charges	249.84	190.07
Housekeeping expenses	247.70	172.13
Rates and taxes	239.23	104.16
Postage, telephone and fax	273.62	263.98
Printing and stationery	195.01	133.05
Office maintenance	169.10	79.78
Electricity charges	148.69	103.98
Membership and subscription	133.07	77.35
Director's sitting fees & commission	119.68	90.26
Auditors' remuneration (refer note below)	103.77	100.41
Bank charges	74.62	27.56
Security charges	23.02	15.71
Miscellaneous expenses	254.18	287.27
Total	**19,192.36**	**15,279.02**

Payments to auditors (including goods and services tax to the extent of credit not availed)#

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) For audit and limited reviews	89.25	81.89
b) For certification	12.81	15.26
c) For reimbursement of expenses	1.71	3.26
Total	**103.77**	**100.41**

Excludes remuneration amounting to ₹78.12 lakhs (including GST) paid to the auditors during the year ended March 31, 2025 for services in connection with initial public offer of equity shares of the Holding Company, disclosed as part of prepaid expenses in note 12.

(₹ in Lakhs)

29	Earning Per Equity Share	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
A	Profit attributable to equity share holders (₹ in lakhs)	50,212.30	34,240.18
B	Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	25,18,23,232	22,23,59,825
	Effect of dilution:		
	Employee stock options	90,25,659	51,96,545
C	Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	26,08,48,891	22,75,56,370
	Basic earnings per share (₹) (A/B)	19.94	15.40
	Diluted earnings per share (₹) (A/C)	19.25	15.05
	Nominal value per share (₹)*	5.00	5.00

* The Board of Directors of the Group in its meeting held on April 4, 2024 and Shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from ₹10 per share to ₹5 per share. Accordingly, the earnings per share for the earlier periods have been recalculated based on revised number of shares.

(₹ in Lakhs)

30	Contingent liabilities And commitments	As at March 31, 2025	As at March 31, 2024
	Contingent liabilities:		
	Against income tax appeal filed (refer note 1)	316.83	316.83
	Capital commitments:		
	Undisbursed commitments	1,01,862.05	1,05,870.95
	Estimated amount of contracts remaining to be executed on capital account and not provided for	249.62	816.90

Note: 1. The Group paid income tax demand amounting to ₹733.67 lakhs for assessment year 2020-21 and ₹100.78 lakhs for assessment year 2021-22 under protest.

2. The Group is involved in certain litigations, including claims from revenue authorities, cases by/against customers, dispute with a third party towards invocation of guarantee and other matters arising in the normal course of business. These matters are pending at various forums and different stages of legal proceedings. The Group has assessed the possible obligations arising from such claims, in accordance with the requirements of Ind AS 37, considering judicial precedents, consultation with lawyers and past experience. Accordingly, the Group is of the view that based on information currently available, no provision or disclosure as contingent liability is considered necessary in respect of these matters except as disclosed above.

31 Leases

The Group has taken office premises on lease. Leases of rented offices are having a lease term of 3 to 5 years.
In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of leases are made.

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

(₹ in Lakhs)

	Particulars	As at March 31, 2025	As at March 31, 2024
I.	**Lease Liabilities**		
	Opening Balance	4,461.50	405.56
	Add: Lease liabilities recognised during the year	586.40	4,592.33
	Less: Lease liabilities written off during the year	-	-
	Add: Interest accrued on lease liabilities	371.08	80.88
	Less: Lease payments*	(1,256.22)	(617.27)
	Closing Balance of lease liabilities	**4,162.76**	**4,461.50**
II.	**Right of use assets (RoU assets)**		
	Opening balance	4,401.59	348.58
	Add: RoU assets recognised during the year	586.40	4,592.33
	Less: RoU assets written off during the year	-	-
	Less: Depreciation on RoU assets	(1,097.06)	(539.32)
	Closing balance of RoU assets	**3,890.93**	**4,401.59**

* Refer Consolidated Statement of Cashflow

1. The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Consolidated Statement of Profit and Loss.

Table showing contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Less than one year	1,341.35	1,232.85
One to five years	3,572.29	4,197.10
More than five years	-	-
Total	**4,913.64**	**5,429.95**

Amount Recognised in Consolidated Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ending March 31, 2025	For the year ending March 31, 2024
Interest on lease liabilities charged to finance cost	371.08	80.88
Depreciation charge for the year on RoU assets	1,097.06	539.32
Expense relating to short-term leases (included in Rent expenses under note 28 " Other expenses")	277.05	237.67
Expense relating to leases of low-value assets (included in Rent expenses under note 28 " Other expenses")	-	-
Total	**1,745.19**	**857.87**

*Cash out flow on account of lease payments is ₹1,256.22 lakhs (corresponding previous year ₹617.27 lakhs)

- The Group does not face significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.
- Leases not yet commenced to which the Group is committed during the year ended March 31, 2025 and March 31, 2024 - Nil.
- For the year ended March 31, 2025 and March 31, 2024:

a. The Group did not have any variable lease payments;
b. There were no significant restrictions or covenants imposed by lessor;
c. The Group did not have any sale and leaseback transaction.

32 Segment Reporting

The Group has only one reportable business segment, i.e. lending to borrowers within India. Accordingly, the amounts appearing in the financial statements relate to the Group's single business segment. No revenue from transactions with a single external customer aggregate to 10% or more of the Group's total revenue during the year ended March 31, 2025 and year ended March 31, 2024.

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

33 Change in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	As at April 01, 2024	Cash Flows (Net)	Others (net)*	As at March 31, 2025
Debt securities	3,05,343.64	69,151.20	(2,535.14)	3,71,959.70
Borrowing other than debt securities	7,03,133.72	3,61,995.41	5,212.74	10,70,341.87
Subordinated liabilities	5,047.52	-	8.99	5,056.51
Lease Liability	4,461.50	(1,256.22)	957.48	4,162.76

Particulars	As at April 01, 2023	Cash Flows (Net)	Others (net)*	As at March 31, 2024
Debt securities	2,82,387.50	13,500.00	9,456.14	3,05,343.64
Borrowing other than debt securities	4,30,917.78	2,75,871.49	(3,655.55)	7,03,133.72
Subordinated liabilities	7,707.35	(2,500.00)	(159.83)	5,047.52
Lease Liability	405.56	(617.27)	4,673.21	4,461.50

*Includes the effect of change in interest accrued but not due on borrowing, amortisation of borrowing cost and mark to market gain/(loss) on revaluation of external commercial borrowings.

34 Transfer of financial assets

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Loans and advances measured at amortised cost	As at March 31, 2025	As at March 31, 2024
Carrying amount of transferred assets measured at amortised cost	18,716.68	26,791.14
Carrying amount of associated liabilities measured at amortised cost	(6,849.12)	(16,387.68)

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

a) Gross amount required to be spent by the Group and approved by the Board for the year ended March 31, 2025 – ₹507.38 lakhs (for the year ended March 31, 2024 - ₹231.00 lakhs)

b) Amount spent by the Group during the year

(₹ in Lakhs)

Particulars	For the year ended 31 March 2025			For the year ended 31 March 2024		
	Amount spent	Amount unpaid/ provision	Total	Amount spent	Amount unpaid/ provision	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above	507.38	-	507.38	231.00	-	231.00

c) In case of Section 135(5) unspent amount

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	507.38	507.38	-

March 31, 2024

(₹ 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
-	-	231.00	231.00	-

d) In case of Section 135(5) Excess amount spent

March 31, 2025

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	507.38	507.38	-

March 31, 2024

(₹ in Lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	231.00	231.00	-

e) In case of Section 135(6) Details of ongoing projects

March 31, 2025

(₹ in Lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Group	In separate CSR unspent account		From Group's bank account	From separate CSR unspent account	With Group	In separate CSR unspent account
-	-	507.38	507.38	-	-	-

March 31, 2024

(₹ in Lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Group	In separate CSR unspent account		From Group's bank account	From separate CSR unspent account	With Group	In separate CSR unspent account
-	-	231.00	231.00	-	-	-

f) Nature of CSR activities

CSR activities conducted during the year were focused on promoting education, skill building, training the teachers and building the education ecosystems for deserving underserved Indian students.

36 Employee Benefit:

Defined contribution plan

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

The Group's contribution to Provident Fund aggregating ₹629.21 lakhs (For the year ended March 31, 2024: ₹485.63 lakhs) has been recognised in the Consolidated Statement of Profit and Loss under the head "Employees benefit expenses".

The Group's contribution to National Pension Scheme aggregating ₹79.02 lakhs (For the year ended March 31, 2024: ₹60.15 lakhs) has been recognised in the Consolidated 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 Group and hence it underwrites all the risks pertaining to the plan. The actuarial risks associated are:

Investment/Interest Rate Risk:

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

Longevity Risks:

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

Salary Risks:

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

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

Particulars	As at March 31, 2025	As at March 31, 2024
Significant assumptions		
Discount rate	6.40%	6.92%
Expected rate of salary increase	8.00%	10.00%
Attrition rate (Past service- 0 to 42)	19.00%	37.00%
Other assumption		
Mortality rate	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

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

(₹ in Lakh)

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of defined benefit obligation	664.30	406.95
Fair value of plan assets	175.35	164.03
Net liability	**488.95**	**242.92**

c) Amount recognised in Consolidated Statement of Profit and Loss in respect of these defined benefit obligation:

(₹ in Lakh)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	153.04	111.09
Net interest cost	12.56	6.37
Past service cost	-	-
Total amount recognised in Consolidated Statement of Profit and Loss	**165.60**	**117.46**
Remeasurements on the net defined benefit liability :		
- Actuarial (gain)/loss	88.55	18.02
Total amount recognised in other comprehensive income	**88.55**	**18.02**
Total	**254.15**	**135.48**

The current service cost and the net interest expense for the year are included in the 'Employee benefit expense' line item in the Consolidated Statement of Profit and Loss.

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

(₹ in Lakh)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening defined benefit obligation	**406.95**	**290.40**
Current service cost	153.04	111.09
Past service cost	-	-
Interest cost	23.93	17.17
Remeasurements (gains)/losses:		
- Actuarial gain from change in demographic assumptions	89.49	-
- Actuarial loss from change in financial assumptions	(31.54)	1.01
- Actuarial gain from change in experience adjustments	30.57	16.55
Benefits paid	(8.14)	(29.27)
Closing defined benefit obligation	**664.30**	**406.95**

e) Movement in the fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening fair value of plan assets	**164.03**	**153.71**
Interest income	11.36	10.79
Return on plan assets (excluding interest income)	(0.04)	(0.47)
Contributions by employer	-	-
Adjustment due to change in opening balance of plan assets	-	-
Actual Benefits paid	-	-
Closing fair value of plan assets	**175.35**	**164.03**

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

(₹ in Lakh)

Particulars	March 31, 2025		March 31, 2024	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Defined benefit obligation on increase in 100 bps	632.16	687.31	397.12	413.89
Impact of increase in 100 bps on defined benefit obligation	(4.84%)	3.46%	(2.41%)	1.71%
Defined benefit obligation on decrease in 100 bps	696.43	639.47	417.32	400.08
Impact of decrease in 100 bps on defined benefit obligation	4.84%	(3.74%)	2.55%	(1.69%)

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

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

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

g) Projected benefits payable:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Expected benefits for year 1	90.70	122.84
Expected benefits for year 2	90.01	94.54
Expected benefits for year 3	90.25	75.85
Expected benefits for year 4	92.22	58.91
Expected benefits for year 5	94.04	45.06
Expected benefits for year 6 to 10	283.21	82.51

The weighted average duration to the payment of these cash flows is 3.94 years (As at March 31, 2024 : 1.68 years)

The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Group towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Group will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

The Group expects to contribute approximately ₹488.95 lakhs (FY 2023-24- ₹242.92 lakhs) to the gratuity fund.

h) Investment pattern:

Particulars	As at March 31, 2025	As at March 31, 2024
Policy of insurance	100%	100%
Total	**100%**	**100%**

37 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
Mr. Amit Gainda- Managing Director and Chief Executive Officer
Mr. Hemant Mundra- Non executive director (appointed w.e.f. July 1, 2024)
Mr. Sunish Sharma- Non executive director (appointed w.e.f. July 1, 2024)
Mr. Luca Molinari- Non executive director (appointed w.e.f. July 1, 2024)
Mr. Rakesh Bhatt - Independent director (appointed w.e.f. March 8, 2025)

Key Management Personnel

Mr. Amit Gainda- Managing Director and Chief Executive Officer
Mr. Vineet Mahajan - Chief Financial Officer (resigned w.e.f. February 20, 2024)
Mr. Vikrant Gandhi - Chief Financial Officer (appointed w.e.f. February 21, 2024)
Mr. Rajesh Gandhi - Company Secretary

(iii) Details of transactions with related parties

(₹ in Lakhs)

Name of the related party	For the year ended March 31, 2025	For the year ended March 31, 2024
Key Management Personnel (KMP) Remuneration		
Short-term employee benefits	887.18	792.96
Share-based payment:		
Equity shares issued pursuant to stock option scheme	-	496.86
Director's Commission		
Mr. Neeraj Swaroop	21.80	21.80
Mrs. Vijayalakshmi Iyer	10.90	10.90
Mrs. Savita Mahajan	10.90	10.90
Mr. Ravi Venkatraman	10.90	10.90
Mr. Rakesh Bhatt	0.65	-
Sitting Fees		
Mr. Neeraj Swaroop	16.17	9.16
Mrs. Vijayalakshmi Iyer	15.91	9.16
Mrs. Savita Mahajan	15.70	8.28
Mr. Ravi Venkatraman	16.20	9.16
Mr. Rakesh Bhatt	0.55	-

(₹ in Lakhs)

Balances as at	As at March 31, 2025	As at March 31, 2024
Director's Commission		
Mr. Neeraj Swaroop	21.80	21.80
Mrs. Vijayalakshmi Iyer	10.90	10.90
Mrs. Savita Mahajan	10.90	10.90
Mr. Ravi Venkatraman	10.90	10.90
Mr. Rakesh Bhatt	0.65	-
Sitting fees payable		
Mr. Rakesh Bhatt	0.55	-
Mrs. Vijayalakshmi Iyer	-	0.44

37.1 There are no provision for doubtful debts/advances or amounts written off or written back for debts due from/due to related parties.

37.2 The transactions disclosed above are inclusive of GST, for which input tax credit is not available to the Group.

37.3 Provisions for gratuity, compensated absences and other long term service benefits are made for the Group as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

38 Maturity analysis of assets and liabilities

(₹ in Lakhs)

Sr. No.	Assets	March 31, 2025			March 31, 2024		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(1)	**Financial assets**						
(a)	Cash and cash equivalents	1,18,524.14	-	1,18,524.14	1,30,075.99	-	1,30,075.99
(b)	Bank balances other than (a) above	7,685.91	832.19	8,518.10	20,195.49	2,765.25	22,960.74
(c)	Derivative financial instruments	12.70	1,714.99	1,727.69	-	33.21	33.21
(d)	Trade receivables	2,175.31	-	2,175.31	919.38	-	919.38
(e)	Loans	2,88,647.50	14,37,640.64	17,26,288.14	2,26,075.66	10,13,606.39	12,39,682.05
(f)	Investments	24,373.52	-	24,373.52	24,314.56	-	24,314.56
(g)	Other financial assets	497.49	1,484.70	1,982.19	308.75	1,141.35	1,450.10
		4,41,916.57	**14,41,672.52**	**18,83,589.09**	**4,01,889.83**	**10,17,546.20**	**14,19,436.03**
(2)	**Non-financial assets**						
(a)	Current tax assets (net)	7.26	408.38	415.64	-	1,906.01	1,906.01
(b)	Deferred tax assets (net)	-	1,735.52	1,735.52	-	947.69	947.69
(c)	Property, plant and equipment	-	4,260.35	4,260.35	-	2,331.40	2,331.40
(d)	Capital work-in-progress	-	-	-	-	886.70	886.70
(e)	Right of use assets	-	3,890.93	3,890.93	-	4,401.59	4,401.59
(f)	Intangible assets under development	-	126.48	126.48	-	1,128.94	1,128.94
(g)	Other intangible assets	-	2,352.77	2,352.77	-	1,351.78	1,351.78
(h)	Other non-financial assets	1,054.65	3,510.62	4,565.27	538.12	1,455.23	1,993.35
		1,061.91	**16,285.05**	**17,346.96**	**538.12**	**14,409.34**	**14,947.46**
	Total	**4,42,978.48**	**14,57,957.57**	**19,00,936.05**	**4,02,427.95**	**10,31,955.54**	**14,34,383.49**
	Liabilities						
(1)	**Financial liabilities**						
(a)	Derivative financial instruments	4,093.56	562.77	4,656.33	-	1,163.90	1,163.90
(b)	Trade payables	8,608.07	-	8,608.07	7,510.68	-	7,510.68
(c)	Debt securities	1,02,328.39	2,69,631.31	3,71,959.70	1,26,514.61	1,78,829.03	3,05,343.64
(d)	Borrowings (other than debt securities)	2,63,682.65	8,06,659.22	10,70,341.87	1,84,625.39	5,18,508.33	7,03,133.72
(e)	Subordinated liabilities	78.76	4,977.75	5,056.51	78.76	4,968.76	5,047.52
(f)	Other financial liabilities	10,040.17	14,256.22	24,296.39	32,370.84	10,130.91	42,501.75
	Total financial liabilities	**3,88,831.60**	**10,96,087.27**	**14,84,918.87**	**3,51,100.28**	**7,13,600.93**	**10,64,701.21**
(2)	**Non-financial liabilities**						
(a)	Provisions	-	698.76	698.76	-	302.47	302.47
(b)	Other non-financial liabilities	1,118.34	-	1,118.34	1,708.38	-	1,708.38
	Total non-financial liabilities	**1,118.34**	**698.76**	**1,817.10**	**1,708.38**	**302.47**	**2,010.85**
	Total	**3,89,949.94**	**10,96,786.03**	**14,86,735.97**	**3,52,808.66**	**7,13,903.40**	**10,66,712.06**

39 The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 4,826,799 equity shares of the face value of ₹10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 62 of the Companies Act, 2013.

The shareholders of the holding company vide their special resolution passed at its 18th extra ordinary general meeting held on February 5, 2020 approved the issue of equity shares of the holding company under Avanse Financial Services Employee Stock Option Plan - 2019 (ESOP -2019). The holding company has also adopted the "Avanse Financial Services Limited Employee Stock Option Plan, 2024" pursuant to the resolution passed by the Board of Directors on May 14, 2024 and a special resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on June 20, 2024.

The Board of Directors of the holding company in its meeting held on April 4, 2024 and Shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from ₹10 per share to ₹5 per share.

Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employment with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination, Remuneration and Compensation Committee of the Group has approved the following grants to select senior level executives of the Group in accordance with the Stock Option Scheme. Under the scheme, sixteen grants have been made as of March 31, 2025, details of which, are given as under:

As on March 31, 2025

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,544	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	19,85,154	3,89,082	73,530	14,134	27,232	3,51,420
Option unvested	30,13,364	-	-	-	-	1,17,128
Option exercised	8,91,834	46,504	2,358	5,770	-	-
Option cancelled	9,65,192	4,93,896	69,358	5,79,426	55,094	47,894
Option outstanding	49,98,518	3,89,082	73,530	14,134	27,232	4,68,548
Weighted average remaining contractual life (years)	0.16	0.85	1.17	1.50	1.86	2.10

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	2,74,632	1,05,000	-	1,87,500	45,000	1,68,692
Option unvested	91,510	1,75,000	-	3,12,500	15,000	1,68,684
Option exercised	-	-	-	-	-	-
Option cancelled	1,78,948	-	1,00,000	-	-	78,888
Option outstanding	3,66,142	2,80,000	-	5,00,000	60,000	3,37,376
Weighted average remaining contractual life (years)	2.17	2.37	2.51	2.56	2.67	3.17

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024
Exercise price	226.00	347.50	347.50	347.50
Option granted	3,69,072	3,92,882	1,95,428	29,66,950
Option vested and exercisable	1,30,896	1,36,440	48,857	3,81,738
Option unvested	2,30,908	2,56,442	1,46,571	25,85,212
Option exercised	-	-	-	-
Option cancelled	7,268	-	-	-
Option outstanding	3,61,804	3,92,882	1,95,428	29,66,950
Weighted average remaining contractual life (years)	3.60	3.96	4.08	4.34

As on March 31, 2024

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Exercise price	76.00	96.50	96.50	115.00	115.00	115.00
Option granted	68,55,542	9,29,482	1,45,246	5,99,330	82,326	5,16,442
Option vested and exercisable	19,85,152	2,95,174	55,446	1,29,730	15,512	1,21,154
Option unvested	30,13,364	99,776	57,806	8,078	13,612	3,51,408
Option exercised	8,91,834	46,504	2,358	5,770	-	-
Option cancelled	9,65,192	4,88,028	29,636	4,55,752	53,202	43,880
Option outstanding	49,98,516	3,94,950	1,13,252	1,37,808	29,124	4,72,562
Weighted average remaining contractual life (years)	0.85	1.85	2.17	2.50	2.86	3.10

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Exercise price	115.00	115.00	115.00	115.00	181.50	226.00
Option granted	5,45,090	2,80,000	1,00,000	5,00,000	60,000	4,16,264
Option vested and exercisable	1,09,118	35,000	12,500	62,500	15,000	-
Option unvested	3,02,950	2,45,000	-	4,37,500	45,000	3,59,348
Option exercised	-	-	-	-	-	-
Option cancelled	1,33,022	-	87,500	-	-	56,916
Option outstanding	4,12,068	2,80,000	12,500	5,00,000	60,000	3,59,348
Weighted average remaining contractual life (years)	3.17	3.37	3.51	3.56	3.67	4.17

Grant Date	November 7, 2023	March 15, 2024
Exercise price	226.00	347.50
Option granted	3,69,072	3,92,882
Option vested and exercisable	-	-
Option unvested	3,69,072	3,92,882
Option exercised	-	-
Option cancelled	-	-
Option outstanding	3,69,072	3,92,882
Weighted average remaining contractual life (years)	4.60	4.96

Weighted average fair value of stock options granted during the year is as follows:

Particulars	FY 2024-25	FY 2023-24
Grant date	30-Apr-24 02-Aug-24	01-Jun-23 07-Nov-23 15-Mar-24
No. of option granted	31,62,378	11,78,218
Weighted average fair value ₹	80.80	89.81

Method used for accounting for share based payment plan

The Group has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Risk free interest rate (%)	6.1	5.48	5.55	5.47	5.47	7.18
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	17.57	24.53	25	24.93	24.93	23.99
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	76	97	97	115	115	115

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Risk free interest rate (%)	7.18	7.18	7.24	7.24	7.13	7.24
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	23.99	23.99	24.15	24.15	24.42	25.01
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (₹)	115	115	115	115	182	452

Grant Date	November 7, 2023	March 15, 2024	April 30, 2024	August 2, 2024
Risk free interest rate (%)	7.24	6.91	6.91	6.91
Expected life	4 years	4 years	4 years	4 years
Expected volatility	25.01	13.38	13.38	13.38
Dividend yield	-	-	-	-
Fair market value at the time of option grant (₹)	226	348	348	348

The charge on account of above scheme of ₹931.64 lakhs for the year ended March 31, 2025 is included in employee benefit expense (For the year ended March 31, 2024: ₹747.90 lakhs).

40 Financial Instruments

40.1 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 as amended 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 CAR, which was computed on the basis of the applicable RBI requirements, is as below.

Capital Risk Adequacy Ratio (CRAR) — Holding Company

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Funds		
Net owned funds (Tier I Capital)	3,92,142.46	3,49,860.13
Tier II Capital	11,805.65	7,602.14
Total capital funds	**4,03,948.11**	**3,57,462.27**
Total risk weighted assets/exposures	**18,00,491.77**	**12,98,903.04**
% of capital funds to risk weighted assets/exposures		
Tier I capital	21.78%	26.94%
Tier II capital	0.66%	0.59%
Total capital funds	**22.44%**	**27.52%**

Adjustment for credit enhancements towards securitisation transactions from Tier I and Tier II capital is capped at the lower of (a) 15% of securitised portfolio outstanding; and (b) outstanding credit enhancements, pursuant to Group's submission to RBI in this regard.

40.2 Fair Value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

Accounting classifications and fair values

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2025

(₹ in Lakhs)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument-Asset	31-Mar-25	-	1,727.69	-	**1,727.69**
Derivative financial instrument-Liability	31-Mar-25	-	4,656.33	-	**4,656.33**

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at March 31, 2024

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument-Asset	31-Mar-24	-	33.21	-	**33.21**
Derivative financial instrument-Liability	31-Mar-24	-	1,163.90	-	**1,163.90**

Notes:

a) Derivative financial instruments are through FVOCI on account of hedge accounting.
b) Derivatives are fair valued using observable foreign exchange rates and interest rates.

Fair value hierarchy
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.
Level 2: The fair value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
There has been no transfers between level 1, level 2 and level 3 for the year ended 31 March 2025 and 31 March 2024.31, 2024.

40.3 Fair value measurement

Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are measured at amortised cost in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables and trade and other payables as on March 31, 2025 and March 31, 2024 approximate the fair value because of their short-term nature. Since a significant portion of the loans are floating rate, their carrying amounts approximate their fair values. 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 year presented.

(₹ in Lakhs)

As at March 31, 2025	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	17,26,288.14	-	-	17,26,288.14	17,26,288.14
Investments	24,373.52	24,373.52	-	-	24,373.52
Financials Liabilities					
Debt securities	3,71,959.70	-	-	3,69,904.44	3,69,904.44
Borrowings (other than debt securities)	10,70,341.87	-	-	10,68,238.39	10,68,238.39
Subordinated Liabilities	5,056.51			5,008.43	5,008.43

As at March 31, 2024	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	12,39,682.05	-	-	12,39,682.05	12,39,682.05
Investments	24,314.56	24,314.56	-	-	24,314.56
Financials Liabilities					
Debt securities	3,05,343.64	-	-	3,03,093.42	3,03,093.42
Borrowings (other than debt securities)	7,03,133.72	-	-	7,02,622.30	7,02,622.30
Subordinated Liabilities	5,047.52	-	-	4,951.82	4,951.82

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.

40.4 Financial risk management

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

Risk management framework

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

i) Credit risk

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

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

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

Credit exposures are sanctioned based on delegation of credit authority as defined under credit policy. The Group measures, monitors and manages credit risk at an individual/portfolio level for education institute loans and at portfolio level for education loans. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

During the year ended March 31, 2025, the Group has refreshed its ECL model considering the observed default data and calibrating its through-the-cycle (TTC) input of defaults for determining the Point-in-time (PIT) PD factor. Impact of such revisions has been incorporated in the ECL as at March 31, 2025.

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

Category	Description	Basis for recognising expected credit losses
Stage 1	High quality assets	12 Month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL

The key elements in calculation of ECL are as follows:

Expected credit losses are a probability weighted estimate of credit losses. The calculation of ECL by the Group involves portfolio classification, calculation of probability of default (PD) and calculation of loss given default (LGD).

The Group's loan portfolio primarily comprises of loans to students and loans to education institutions. Further, the Group has stratified its portfolio into smaller risk pools covering the major geographies for student loans such as the USA, UK, Canada and rest of the world.

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The TTC (through the cycle) PD has been determined based on historical behaviour of the book and following roll rate approach which is based on observed default rate. Macro-economic factors are applied on the TTC (through the cycle) PD to arrive at forward looking PD.

EAD – The estimated credit exposure at point of default.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on valuation of collaterals and other relevant factors. For both secured and unsecured portfolio where sufficient historic recovery data for default accounts is available, the loss given default is determined based on the recovery since the date of first default on loan accounts.

The Group, considering the macroeconomic environment and other available information, estimated various scenarios and applied management overlay while arriving at the provision for expected credit loss.

ii) Operational risk

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

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

iii) Liquidity risk

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

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

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

The Group has ₹1,57,700 lakhs undrawn lines of credit as of March 31, 2025 as against ₹48,300 lakhs as of March 31, 2024 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 the Group's remaining contractual maturities of financial liabilities and assets at the reporting date. The amounts are gross and undiscounted.

Contractual cash flows

(₹ in Lakhs)

March 31, 2025	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	4,656.33	4,093.55	562.78	-	-
Trade payables	8,608.07	8,608.07	-	-	-
Debt securities	4,28,614.72	1,21,842.57	2,93,078.13	13,694.02	-
Borrowings (other than debt securities)	12,82,363.56	3,54,152.79	7,27,359.48	1,80,496.39	20,354.90
Subordinated liabilities	6,251.44	471.25	5,780.19	-	-
Other financial liabilities	24,296.39	10,040.17	2,613.70	11,642.52	-
Total	**17,54,790.51**	**4,99,208.40**	**10,29,394.28**	**2,05,832.93**	**20,354.90**
Financial assets					
Derivative financial instruments	1,727.69	12.70	1,203.20	511.79	-
Cash and cash equivalents	1,18,524.14	1,18,524.14	-	-	-
Other bank balances	8,518.10	7,685.91	832.19	-	-
Loans	32,60,997.50	1,63,882.48	6,27,719.73	7,45,316.19	17,24,079.10
Investments	24,373.52	24,373.52	-	-	-
Trade receivables	2,175.31	2,175.31	-	-	-
Other financial assets	1,982.19	497.48	76.83	627.72	780.16
Total	**34,18,298.45**	**3,17,151.54**	**6,29,831.95**	**7,46,455.70**	**17,24,859.26**

Contractual cash flows

(₹ in Lakhs)

March 31, 2024	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	1,163.90	-	-	-	1,163.90
Trade payables	7,510.68	7,510.68	-	-	-
Debt securities	3,44,516.09	1,42,266.14	1,99,279.95	2,970.00	-
Borrowings (other than debt securities)	8,51,687.09	2,43,255.66	4,56,918.78	1,40,885.28	10,627.37
Subordinated liabilities	6,722.69	471.25	942.50	5,308.94	-
Other financial liabilities	42,501.75	32,370.84	160.33	-	9,970.58
Total	**12,54,102.20**	**4,25,874.57**	**6,57,301.56**	**1,49,164.22**	**21,761.85**
Financial assets					
Derivative financial instruments	33.21	-	-	-	33.21
Cash and cash equivalents	1,30,075.99	1,30,075.99	-	-	-
Other bank balances	22,960.74	20,195.49	308.96	-	2,456.29
Loans	22,85,356.65	1,16,114.24	4,11,817.20	5,75,994.31	11,81,430.90
Investments	24,314.56	24,314.56	-	-	-
Trade receivables	919.38	919.38	-	-	-
Other financial assets	1,450.10	308.75	116.82	632.58	391.95
Total	**24,65,110.63**	**2,91,928.41**	**4,12,242.98**	**5,76,626.89**	**11,84,312.35**

The gross inflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities and financial assets 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 and fixed interest rates as well. The Group has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

Exposure to interest rate risk

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

(₹ in Lakhs)

Particulars	March 31, 2025	March 31, 2024
Financial assets		
Fixed-rate instruments		
Term loans	55,285.35	22,585.47
Investment in treasury bill	24,373.52	24,314.56
Floating-rate instruments		
Term loans	16,71,002.79	12,17,096.58
Total	**17,50,661.66**	**12,63,996.61**
Financial liabilities		
Fixed-rate instruments		
Non convertible debentures	1,43,360.55	1,85,020.44
Subordinated liabilities	5,056.51	5,047.52
Commercial paper	14,242.19	-
Securitisation liabilities	4,266.99	12,552.83
Loan from Financial Institutions	-	10,006.12
Loan from Banks	-	-
External commercial borrowing	1,80,661.48	83,450.32
Floating-rate instruments		
Loan from Banks	8,08,399.64	5,73,369.29
Loan from Financial Institutions	21,858.60	8,769.68
Cash credit	1,519.78	1,628.72
Securitisation liabilities	2,582.13	3,834.85
External commercial borrowing	51,053.25	9,521.91
Non convertible debentures	2,14,356.96	1,20,323.20
Total	**14,47,358.08**	**10,13,524.88**

Fair value sensitivity analysis for Floating-rate instruments

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

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

(₹ in Lakhs)

Particulars	March 31, 2025		March 31, 2024	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans				
Term loans	16,710.03	(16,710.03)	12,170.97	(12,170.97)
Floating rate borrowings				
Loan from banks	(8,084.00)	8,084.00	(5,733.69)	5,733.69
Loan from financial institutions	(218.59)	218.59	(87.70)	87.70
Cash credit	(15.20)	15.20	(16.29)	16.29
Securitisation liabilities	(25.82)	25.82	(38.35)	38.35
External commercial borrowing	(510.53)	510.53	(95.22)	95.22
Non-convertible debentures	(2,143.57)	2,143.57	(1,203.23)	1,203.23
	5,712.32	**(5,712.32)**	**4,996.49**	**(4,996.49)**

v) Foreign Currency Risk

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge
TThe impact of the hedging instrument and hedged item on the Balance Sheet:

Hedging Instrument

Disclosure of effects of hedge accounting on financial position *(₹ in Lakhs)*

Type of hedge and risks	Nominal amount		Carrying amount of hedging instruments		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line in the balance sheet
Cash flow hedge- Cross currency interest rate swaps and interest rate swaps	Assets	Liabilities	Assets	Liabilities				
March 31, 2025								
INR USD - Cross currency swap		2,27,669.03	1,715.00	4,656.33	14 December 2026 08 November 2027 15 November 2027 20 March 2028 28 March 2028 08 May 2028 28 June 2029	(1,810.64)	1,33,238.92	Derivative Financial Instruments
Interest rate swap		-	12.70	-		12.70	-	
March 31, 2024								
INR USD - Cross currency swap		94,234.58	33.21	1,163.90	20 June 2030 26 December 2036	33.21	(11,170.93)	Derivative Financial Instruments

Disclosure of effects of hedge accounting on financial performance

(₹. in Lakhs)

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in Statement of Profit and Loss	Amount reclassified from cash flow hedge reserve to Statement of Profit and Loss	Line item affected in Statement of Profit and Loss because of the reclassification
Cash flow hedge- Cross currency interest rate swaps and interest rate swaps				
March 31, 2025	(6,153.17)	-	-	-
March 31, 2024	(1,326.23)	-	-	-

VI) Price Risk

The Group's exposure to price risk is not material and it is primarily on account of investment of surplus liquidity in Mutual Funds, mainly in highly liquid overnight funds for short durations and Treasury Bills. The Group has a board approved policy of investing its surplus liquidity in top 20 mutual funds based on AUM, Government Securities (including T-Bills) and other instruments having insignificant price risk, not being equity funds/risk bearing instruments.

41 Other statutory information:
During the current year and previous 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 willful defaulter by any bank or financial Institution or other lender.

c The Group does not have any charges or satisfactions, which are 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.

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 During the year, the quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.

i The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

j The Group does not have any transactions with struck off companies.

k During the financial years ended 31st March 2025 and 31st March 2024, the Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.

l The Group has not entered into any scheme of arrangement under sections 230 to 237 of the Companies Act, 2013

42 Additional information as required by paragraph 2 of General Instruction for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

March 31, 2025

(₹ in Lakhs)

Name of Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit/(Loss)		Share of other comprehensive income		Share of total comprehensive income	
	As % of consolidated net asset	Amount	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		4,14,334.39	-	50,422.68	-	(4,670.80)	-	45,751.88
(Add)/Less: Inter Group eliminations		(2,673.79)	-	7.58	-	0.58	-	8.16
Net of eliminations	**99.39%**	**4,11,660.60**	**100.40%**	**50,415.10**	**101.31%**	**(4,671.38)**	**100.31%**	**45,743.72**
Subsidiary - Indian								
Avanse Global Finance IFSC Private Limited	0.61%	2,539.48	(0.40%)	(202.80)	(1.31%)	60.62	(0.31%)	(142.18)
Total	**100.00%**	**4,14,200.08**	**100.00%**	**50,212.30**	**100.00%**	**(4,610.76)**	**100.00%**	**45,601.54**

March 31, 2024

(Rs. in Lakhs)

Name of Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit/(Loss)		Share of other comprehensive income		Share of total comprehensive income	
	As % of consolidated net asset	Amount	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		3,67,655.40	-	34,256.97	-	(1,005.93)	-	33,251.04
(Add)/Less: Inter Group eliminations		(2,665.08)	-	(8.21)	-	(0.50)	-	(8.71)
Net of eliminations	**99.27%**	**3,64,990.32**	**100.07%**	**34,265.18**	**103.58%**	**(1,005.43)**	**99.97%**	**33,259.75**
Subsidiary - Indian								
Avanse Global Finance IFSC Private Limited	0.73%	2,681.11	(0.07%)	(25.00)	(3.58%)	34.77	0.03%	9.77
Total	**100.00%**	**3,67,671.43**	**100.00%**	**34,240.18**	**100.00%**	**(970.66)**	**100.00%**	**33,269.52**

43 The holding company has filed a Draft Red Herring Prospectus (DRHP) dated June 20, 2024 with the Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with its Initial Public Offering (IPO) of equity shares of face value of ₹5 each comprising of a fresh issue of Equity Shares aggregating up to Rs 1,000 crore and an offer for sale of Equity Shares aggregating up to ₹2,500 crore by existing shareholders, subject to receipt of regulatory approvals, market conditions and other considerations. Pursuant to letter dated July 25, 2024 from SEBI, the holding company has re-filed the DRHP dated July 31, 2024 with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited. Further, the holding company received observations on the DRHP from SEBI vide their letter dated October 23, 2024.

44 The holding company implemented an in-house developed loan origination system (LOS), replacing its existing third-party SaaS-based LOS during the year, for one of its loan products. Pursuant to this change in January 2025, the loan applications are logged-in and sanctioned from the new LOS. Consequently, the old LOS was decommissioned and due to unavailability of the erstwhile system and its database, the holding company was not able to facilitate the access to test the information technology controls of the erstwhile LOS directly to the statutory auditors. However, the core data from the erstwhile LOS has been preserved, in line with holding company's data retention policy, within the holding company's data warehouse ensuring completeness and accessibility.

45 In compliance with Section 128 of the Companies Act, 2013 read with proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, the Group uses an accounting software and loan management software for maintaining its books of accounts which has a feature of recording audit trail (edit log) which has operated throughout the year for all relevant transactions. There were no instances of the audit trail feature being tampered with in relation to these softwares. Also, the audit trail has been preserved by the Group as per the statutory requirements for record retention.

46 The financial statements were approved for issue by the Board of Directors on April 30, 2025.

47 Previous year figures have been regrouped/reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

The accompanying notes form an integral part of the Consolidated Financial Statements 1 to 47.

In terms of our report attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner

Membership No. 105117
Place : Mumbai
Date : April 30, 2025

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

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai
Date : April 30, 2025

Amit Gainda
Managing Director
and Chief Executive Officer

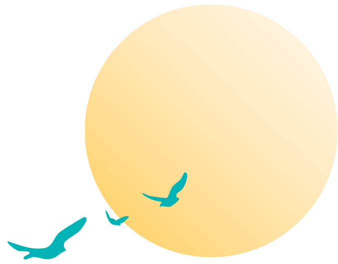
DIN - 09494847
Place : Mumbai
Date : April 30, 2025

Vikrant Gandhi
Chief Financial Officer

Place : Mumbai
Date : April 30, 2025

Rajesh Gandhi
Company Secretary

Place : Mumbai
Date : April 30, 2025



Avanse Financial Services

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