

May 05, 2023

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

Dear Sir/Madam,

Sub: Outcome of the meeting of the Board of Directors of Avanse Financial Services Limited held on May 05, 2023

Pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), we wish to inform that the Board of Directors (“**the Board**”) at their meeting held today i.e. Friday, May 05, 2023 has, *inter-alia* considered and approved:

- i. Audited standalone and consolidated financial results of the Company for the quarter and year ended March 31, 2023 in terms of Regulation 52 of the Listing Regulations; and
- ii. Subject to approval by the Shareholders of the Company at a duly convened general meeting;
 - a) The issue of Non-Convertible Debentures (“NCDs”), subject to approval by the shareholders of the Company, up to Rs. 5,000 crore through Private Placement and / or through public issue and authorized the Borrowing Committee of the Company to offer, issue and allot such NCDs in one or more tranches / issuances / series; and
 - b) The alteration in Articles of Association of the Company pursuant to the applicable provisions of the the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the Companies Act, 2013.

Further, please find enclosed herewith the following:

- i. The audited standalone and consolidated financial results of the Company for the quarter and financial year ended March 31, 2023 along with the auditor’s report thereon;
- ii. Disclosure of ratios and prescribed line items pursuant to Regulation 52(4) of the Listing Regulations;
- iii. Declaration pursuant to proviso to Regulation 52(3)(a) of the Listing Regulations confirming receipt of unmodified opinion from the Statutory Auditors in **Annexure A**;
- iv. Disclosures of security cover pursuant to Regulation 54(2) and 54(3) of the Listing Regulations in **Annexure B**; and
- v. Statement pursuant to 52(7) and 52(7A) of the Listing Regulations in **Annexure C**.

The said audited financial results have also been uploaded on the website of the Company i.e. www.avanse.com. The financial results will also be published in a newspaper, in the format prescribed by the SEBI within the prescribed time limit.

The Board Meeting commenced at 5:10 PM and concluded at 7:25 PM.

We request you to take the above on record.

Thanking you.

Yours faithfully,
For Avanse Financial Services Limited

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

Encl.: as above



Avanse Financial Services Ltd.
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ASPIRE WITHOUT BOUNDARIES

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Avanse Financial Services Limited

Report on the audit of the Standalone Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Avanse Financial Services Limited (the "Company") for the quarter ended March 31, 2023 and for the year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2023 and for the year ended March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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.

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

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

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

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

- Identify and assess the risks of material misstatement of the Statement, 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 standalone 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 the Board of Directors.
- Conclude on the appropriateness of the 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 results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

S.R. BATLIBOI & Co. LLP

Chartered Accountants

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.

Other Matter

The Statement includes the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**SHRAWAN
BHAGWATI
JALAN**

Digitally signed by SHRAWAN
BHAGWATI JALAN
DN: cn=SHRAWAN BHAGWATI
JALAN, c=IN, o=Personal, email=
shrawan.jalan@srb.in
Date: 2023.05.05 19:32:32 +05'30'

per Shrawan Jalan

Partner

Membership No.: 102102

UDIN: 23102102BGXIZD2717

Place: Mumbai

Date: May 05, 2023

Avanse Financial Services Limited

CIN : U67120MH1992PLC068060

Regd office : 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai - 400 099

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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Audited	Reviewed	Audited	Audited	Audited
1	Revenue from operations					
(a)	Interest income	27,528.00	24,733.52	13,623.70	88,687.90	47,515.44
(b)	Net gain on fair value changes	137.55	287.47	123.54	660.32	394.10
(c)	Income on derecognition of financial instrument	862.43	-	-	2,297.41	-
(d)	Fees and commission income	2,160.94	2,128.46	426.25	7,313.93	2,918.95
	Total revenue from operations	30,688.92	27,149.45	14,173.49	98,959.56	50,828.49
	Other income	24.95	15.77	16.86	63.21	25.68
	Total income	30,713.87	27,165.22	14,190.35	99,022.77	50,854.17
2	Expenses					
(a)	Finance costs	16,170.46	15,824.09	8,197.21	53,984.27	27,388.70
(b)	Impairment on financial instruments (Expected credit loss)	1,499.85	1,499.28	416.41	4,658.91	1,908.17
(c)	Employee benefits expense	2,940.37	2,386.35	1,736.50	9,572.60	6,647.15
(d)	Depreciation and amortisation	369.56	359.69	337.78	1,330.08	1,287.75
(e)	Other expenses	2,924.20	2,102.93	938.23	8,343.05	5,076.42
	Total expenses	23,904.44	22,172.34	11,626.13	77,888.91	42,308.19
3	Profit before tax (1-2)	6,809.43	4,992.88	2,564.22	21,133.86	8,545.98
4	Tax expense					
(a)	Current tax	1,824.70	1,572.53	876.60	5,727.94	2,983.45
(b)	Deferred tax	(117.26)	(289.87)	(192.65)	(367.53)	(758.05)
	Total tax expenses	1,707.44	1,282.66	683.95	5,360.41	2,225.40
5	Net profit after tax for the period/year (3-4)	5,101.99	3,710.22	1,880.27	15,773.45	6,320.58
6	Other comprehensive income					
	(A) Items that will not be reclassified to profit or loss					
	(i) Actuarial gain / (loss) on post retirement benefit plans	(20.15)	5.94	3.92	23.77	16.52
	(ii) Income tax on above	5.07	(1.50)	(0.99)	(5.98)	(4.16)
	Subtotal (A)	(15.08)	4.44	2.93	17.79	12.36
	(B) Items that will be reclassified to profit or loss					
	(i) Fair value gain / (loss) on derivative financial instrument	(168.99)	55.46	295.16	284.12	138.91
	(ii) Income tax on above	42.53	(13.96)	(74.29)	(71.51)	(34.96)
	Subtotal (B)	(126.46)	41.50	220.87	212.61	103.95
	Total other comprehensive income (A+B)	(141.54)	45.94	223.80	230.40	116.31
7	Total comprehensive Income (5+6)	4,960.45	3,756.16	2,104.07	16,003.85	6,436.89
8	Earnings per equity share (not annualised for the quarters)					
(a)	Basic EPS (in Rs.)	5.84	4.49	2.28	18.06	7.65
(b)	Diluted EPS (in Rs.)	5.84	4.18	2.28	18.06	7.65
(c)	Face value per share (in Rs.)	10.00	10.00	10.00	10.00	10.00
9	Disclosures under Regulation 52(4)					
	1. Debt Equity ratio	3.17	6.15	3.58	3.17	3.58
	2. Outstanding redeemable preference shares (quantity and value)	-	-	-	-	-
	3. Capital redemption reserve	-	-	-	-	-
	4. Debenture redemption reserve	-	-	-	-	-
	5. Net worth*	2,11,625.73	1,08,948.47	98,168.57	2,11,625.73	98,168.57
	6. Total debt to total assets (%)	69.92%	78.76%	66.22%	69.92%	66.22%
	7. Net profit margin (%)**	16.62%	13.67%	13.27%	15.94%	12.44%
	8. Sector specific equivalent ratios					
	(a) Gross Stage 3 (%)	0.56%	0.62%	1.29%	0.56%	1.29%
	(b) Net Stage 3 (%)	0.17%	0.24%	0.53%	0.17%	0.53%

* Networth is equal to paid up equity share capital plus other equity less deferred tax assets less intangible assets

** Net profit margin is revenue from operations divided by net profit after tax

Note: Debt service coverage ratio, Interest service coverage ratio, Current ratio, Long term debt to working capital ratio, Bad debts to account receivable ratio, Current liability ratio, Debtors turnover, Inventory turnover and Operating margin (%) are not applicable.

Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.

Notes :

1. Standalone Statement of Assets and Liabilities as on March 31, 2023

(Rs. in Lakhs)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
		Audited	Audited
	ASSETS		
(1)	Financial assets		
(a)	Derivative financial instruments	1,472.06	350.99
(b)	Cash and cash equivalents	1,09,709.70	63,048.59
(c)	Bank balance other than (b) above	3,278.78	2,694.59
(d)	Loans	8,37,346.91	4,71,598.64
(e)	Investments	6,442.69	1,273.50
(f)	Trade receivables	832.98	269.19
(g)	Other financial assets	5,976.52	339.44
		9,65,059.64	5,39,574.94
(2)	Non-financial assets		
(a)	Current tax assets (net)	1,952.84	276.78
(b)	Deferred tax assets (net)	2,250.23	1,914.22
(c)	Property, plant and equipment	1,308.99	662.98
(d)	Other intangible assets	634.48	775.66
(e)	Intangible assets under development	464.12	107.97
(f)	Right of use assets	348.58	487.78
(g)	Other non-financial assets	1,203.11	1,494.96
		8,162.35	5,720.35
	Total assets	9,73,221.99	5,45,295.29
	LIABILITIES AND EQUITY		
	LIABILITIES		
(1)	Financial liabilities		
(a)	Trade payables		
(i)	total outstanding dues of micro and small enterprises	77.72	37.70
(ii)	total outstanding dues of creditors other than micro and small enterprises	5,396.02	3,378.85
(b)	Debt securities	2,82,387.50	1,15,529.52
(c)	Borrowings (other than debt securities)	3,98,116.24	2,37,870.90
(d)	Subordinated liabilities	7,707.35	7,695.02
(e)	Other financial liabilities	63,564.26	78,989.63
	Total financial liabilities	7,57,249.09	4,43,501.62
(2)	Non-financial liabilities		
(a)	Current tax liabilities (net)	-	192.38
(b)	Provisions	136.69	74.62
(c)	Other non-financial liabilities	861.65	560.25
	Total non-financial liabilities	998.34	827.25
(3)	EQUITY		
(a)	Equity share capital	10,663.80	8,259.19
(b)	Other equity	2,04,310.76	92,707.23
	Total equity	2,14,974.56	1,00,966.42
	Total liabilities and equity	9,73,221.99	5,45,295.29

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

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2023 (Audited)	For the year ended March 31, 2022 (Audited)
A	Cash flow from operating activities		
	Profit before tax	21,133.86	8,545.98
	Adjustment for:		
	Interest income on loans	(86,417.47)	(47,413.66)
	Depreciation and amortisation expenses	1,330.08	1,287.75
	Net gain on fair value changes (realised)	(660.32)	(394.43)
	Interest expense on borrowings	48,264.70	24,667.95
	Provision for impairment on financial instruments	1,838.08	1,465.38
	Interest on fixed deposits	(3,536.04)	(1,470.14)
	Baddebts written off	2,820.84	442.78
	ESOP Expenses	490.24	369.20
	Finance cost in Lease Liability	57.20	89.52
	Actuarial loss on post retirement benefit plans	23.77	16.52
	(Profit) / Loss on sale of fixed asset	(10.41)	-
	Operating loss before working capital changes	(14,665.47)	(12,393.15)
	Operational cash flows from interest		
	Interest received on loans	84,669.98	46,548.30
	Interest paid on borrowings	(41,846.94)	(24,851.02)
	Working capital changes		
	Adjustment for:		
	(Increase) in loans	(3,68,659.69)	(1,79,556.81)
Decrease / (Increase) in Other non-financial assets	291.84	(387.69)	
(Increase) / Decrease in financial assets	(5,605.26)	26.10	
(Increase) in trade receivables	(563.79)	(9.75)	
(Decrease) / Increase in financial liabilities	(17,526.31)	62,280.48	
Increase in trade payables	2,057.17	1,662.38	
Increase in non financial liabilities	301.40	227.36	
Increase in Provisions	62.07	30.96	
Cash (used in) operations	(3,61,485.00)	(1,06,422.84)	
Direct taxes paid (net)	(7,642.33)	(3,303.39)	
Net cash (used in) operating activities	(3,69,127.33)	(1,09,726.23)	
B	Cash flow from investing activities		
	Investments in mutual fund units	(4,13,485.53)	(2,37,488.62)
	Sale of mutual fund units	4,14,145.85	2,43,385.11
	Investments in T-Bill	(5,201.00)	(1,300.00)
	Interest received on bank deposits	3,536.04	1,470.14
	Purchase of property, plant & equipment and intangible assets	(1,976.82)	(926.85)
	Sale of property, plant & equipment	73.55	-
	Bank deposit not considered as cash and cash equivalents (net)	(584.19)	(1,680.60)
Net cash (used in) / generated from investment activities	(3,492.10)	3,459.18	
C	Cash flow from financing activities		
	Proceeds from issue of equity share (including share premium)	97,514.05	-
	Proceeds from long-term borrowings	4,26,503.89	2,01,169.85
	Repayment of long-term borrowings	(99,881.13)	(76,647.44)
	Proceeds from short-term borrowings (net)	(4,500.00)	2,511.92
	Finance cost in Lease Liability	(356.27)	(356.91)
	Net cash generated from financing activities	4,19,280.54	1,26,677.42
	Net Increase in Cash and cash equivalents	46,661.11	20,410.37
Cash and cash equivalents at the beginning of the year	63,048.59	42,638.22	
Cash and cash equivalents at the end of the year	1,09,709.70	63,048.59	

Notes:

- 3 The Company is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India (RBI) classified as an Investment and Credit Company (NBFC-ICC).
- 4 The above standalone financial results for the quarter and year ended 31 March 2023 along with comparative period which have been subjected to audit by the Statutory Auditors of the Company, have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company on May 05, 2023 at their respective meetings.
- 5 The standalone financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified 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 the relevant provisions of the Act. The standalone financial statements used to prepare the standalone financial results, are based on the notified Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies that are required to comply with Ind AS.
- 6 The Company is primarily engaged in the business of financing and accordingly, there are no separate reportable segments as per Ind AS 108 dealing with operating segment.
- 7 The secured, listed, non convertible debentures of the Company are secured by way of first pari passu charge on loan receivables of the Company with an asset cover to the extent of minimum security coverage required under Debenture Trust Deed of 1.08 times of the principal outstanding and interest accrued thereon as on March 31, 2023. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.
- 8 Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.

(a) Details of transfer through assignment (including co-lending) in respect of loans not in default during the quarter ended March 31, 2023

Particulars	Transferred
Count or Loan accounts	537
Amount of Loan account (Rs in Lakh)	18,788.64
Retention of beneficial economic interest (MRR)	15.49%
Weighted Average Maturity (Residual Maturity) (in years)	9.03
Weighted Average Holding Period (in years)	1.35
Coverage of tangible security	100.00%
Rating-wise distribution of rated loans	Unrated

(b) The Company has not acquired any stressed loans during the year ended March 31, 2023.

- 9 During the year ended March 31, 2023, the Nomination and Remuneration Committee of Directors of the Company, has approved the grant of 1,000,766 stock options representing 1,000,766 equity shares of Rs 10 each of the Company to eligible employees.
- 10 The Company has entered into Share Subscription Agreement (SSA) with Kedaara Capital Growth Fund III LLP ("Kedaara") on December 28, 2022 for preferential allotment of equity shares and as per the SSA the first tranche of allotment of shares was completed on January 19, 2023.
- 11 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. The Company will complete its evaluation and will give appropriate impact, if any, in the financial results following the Code becoming effective and the related rules being framed and notified. The Company has taken professional opinion in this regard and will ensure that it makes adequate provisions to remain compliant with all requirements.
- 12 The figures for the previous period/year have been regrouped / reclassified wherever necessary to conform to the current period's/year's presentation. The figures for the quarter ended March 31, 2023 & March 31, 2022 are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the end of third quarter of the respective financial year.

Note 13 :

Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 and Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 5 May 2021 as at March 31, 2023 is given below:

Details of resolution plan implemented under the Resolution Framework for COVID-19 related Stress as per RBI circular dated 6 August 2020 are given below.

As at 31 March 2023

Format B

(Rs in Lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at end of the previous half-year 30 September 2022 (A)	Of (A) aggregate debt the slipped into NPA during the half-year ended 31 March 2023	Of (A) amount written off during the half year ended 31 March 2023	Of (A) amount paid by the borrowers during the half year ended 31 March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan - position as at the end of this half year ended 31 March 2023
Personal loans	5,477.47	62.86	-	887.44	4,527.17
Corporate persons*	-	-	-	-	-
Of which, MSMEs	10,745.64	211.88	-	1,019.06	9,514.70
Others	-	-	-	-	-
Total	16,223.11	274.74	-	1,906.50	14,041.87

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

For Avanse Financial Services Limited

Amit
Gainda

Amit Gainda
Managing Director & CEO
DIN - 09494847

Digitally signed by
Amit Gainda
Date: 2023.05.05
19:22:04 +05'30'

Place : Mumbai
Date : May 05, 2023

Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Avanse Financial Services Limited

Report on the audit of the Consolidated Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Avanse Financial Services Limited ("Holding Company") and its subsidiary (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended March 31, 2023 and for the year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. includes the result of the following entity:

Name of the Entity	Relationship
Avanse Global Finance IFSC Private Limited	Wholly Owned Subsidiary

- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the quarter ended March 31, 2023 and for the year ended March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of

the Listing Regulations. 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 their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement 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 Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

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

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

- Identify and assess the risks of material misstatement of the Statement, 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 the Board of Directors.
- Conclude on the appropriateness of the 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 Statement 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 Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matter

The accompanying Statement includes unaudited financial statements and other unaudited financial information in respect of:

- one subsidiary, whose financial statements and other financial information reflect total assets of Rs. 39.23 lakhs as at March 31, 2023, and total revenues of Rs. Nil and Rs. Nil, total net loss after tax of Rs. 2.45 lakhs and Rs. 2.45 lakhs, total comprehensive income of Rs. Nil and Rs. Nil, for the quarter and the year ended on that date respectively and net cash inflows of Rs. 1 lakh for the year ended March 31, 2023, whose financial statements and other financial information have not been audited by any auditor.

This unaudited financial statement has been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial statement. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

SHRAWAN
BHAGWATI
JALAN

Digitally signed by SHRAWAN
BHAGWATI JALAN
DN: cn=SHRAWAN BHAGWATI
JALAN, c=IN, o=Personal, email=
shrawan.jalan@srb.in
Date: 2023.05.05 19:33:26 +05'30'

per Shrawan Jalan

Partner

Membership No.: 102102

UDIN: 23102102BGXIZB1919

Place: Mumbai

Date: May 05, 2023

Avanse Financial Services Limited

CIN : U67120MH1992PLC068060

Regd office : 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai - 400 099

T: 022 6859 9999 F: 022 6859 9900 Website : www.avanse.com Email : investorrelations@avanse.com

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended	Year ended
		March 31, 2023	March 31, 2023
		Audited	Audited
1	Revenue from operations		
(a)	Interest income	27,528.00	88,687.90
(b)	Net gain on fair value changes	137.55	660.32
(c)	Income on derecognition of financial instrument	862.43	2,297.41
(d)	Fees and commission income	2,160.94	7,313.93
	Total revenue from operations	30,688.92	98,959.56
	Other income	24.95	63.21
	Total income	30,713.87	99,022.77
2	Expenses		
(a)	Finance costs	16,170.46	53,984.27
(b)	Impairment on financial instruments (Expected credit loss)	1,499.85	4,658.91
(c)	Employee benefits expense	2,940.37	9,572.60
(d)	Depreciation and amortisation	369.56	1,330.08
(e)	Other expenses	2,926.66	8,345.51
	Total expenses	23,906.90	77,891.37
3	Profit before tax (1-2)	6,806.97	21,131.40
4	Tax expense		
(a)	Current tax	1,824.70	5,727.94
(b)	Deferred tax	(117.26)	(367.53)
	Total tax expenses	1,707.44	5,360.41
5	Net profit after tax for the period/year (3-4)	5,099.53	15,770.99
6	Other comprehensive income		
(A)	Items that will not be reclassified to profit or loss		
(i)	Actuarial gain / (loss) on post retirement benefit plans	(20.15)	23.77
(ii)	Income tax on above	5.07	(5.98)
	Subtotal (A)	(15.08)	17.79
(B)	Items that will be reclassified to profit or loss		
(i)	Fair value gain / (loss) on derivative financial instrument	(168.99)	284.12
(ii)	Income tax on above	42.53	(71.51)
	Subtotal (B)	(126.46)	212.61
	Total other comprehensive income (A+B)	(141.54)	230.40
7	Total comprehensive Income (5+6)	4,957.99	16,001.39
8	Earnings per equity share (not annualised for the quarters)		
(a)	Basic EPS (in Rs.)	5.84	18.06
(b)	Diluted EPS (in Rs.)	5.84	18.06
(c)	Face value per share (in Rs.)	10.00	10.00
9	Disclosures under Regulation 52(4)		
1.	Debt Equity ratio	3.17	3.17
2.	Outstanding redeemable preference shares (quantity and value)	-	-
3.	Capital redemption reserve	-	-
4.	Debenture redemption reserve	-	-
5.	Net worth*	211,623.29	211,623.29
6.	Total debt to total assets (%)	69.92%	69.92%
7.	Net profit margining (%)**	16.62%	15.94%
8.	Sector specific equivalent ratios		
(a)	Gross Stage 3 (%)	0.56%	0.56%
(b)	Net Stage 3 (%)	0.17%	0.17%
<p>* Networth is equal to paid up equity share capital plus other equity less deferred tax assets less intangible assets. ** Net profit margin is revenue from operations divided by net profit after tax Note: Debt service coverage ratio, Interest service coverage ratio, Current ratio, Long term debt to working capital ratio, Bad debts to account receivable ratio, Current liability ratio, Debtors turnover, Inventory turnover and Operating margin (%) are not applicable. Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.</p>			

Notes :

1. Consolidated Statement of Assets and Liabilities as on March 31, 2023

(Rs. in Lakhs)

Sr. No.	Particulars	As at March 31, 2023 Audited
	ASSETS	
(1)	Financial assets	
(a)	Derivative financial instruments	1,472.06
(b)	Cash and cash equivalents	109,710.70
(c)	Bank balance other than (b) above	3,278.78
(d)	Loans	837,346.91
(e)	Investments	6,441.69
(f)	Trade receivables	832.98
(g)	Other financial assets	5,938.53
		965,021.65
(2)	Non-financial assets	
(a)	Current tax assets (net)	1,952.84
(b)	Deferred tax assets (net)	2,250.23
(c)	Property, plant and equipment	1,308.99
(d)	Other intangible assets	634.48
(e)	Intangible assets under development	464.12
(f)	Right of use assets	348.58
(g)	Other non-financial assets	1,238.65
		8,197.89
	Total assets	973,219.54
	LIABILITIES AND EQUITY	
	LIABILITIES	
(1)	Financial liabilities	
(a)	Trade payables	
(i)	total outstanding dues of micro and small enterprises	77.72
(ii)	total outstanding dues of creditors other than micro and small enterprises	5,396.02
(b)	Debt securities	282,387.50
(c)	Borrowings (other than debt securities)	398,116.24
(d)	Subordinated liabilities	7,707.35
(e)	Other financial liabilities	63,564.26
	Total financial liabilities	757,249.09
(2)	Non-financial liabilities	
(a)	Current tax liabilities (net)	-
(b)	Provisions	136.69
(c)	Other non-financial liabilities	861.65
	Total non-financial liabilities	998.34
(3)	EQUITY	
(a)	Equity share capital	10,663.80
(b)	Other equity	204,308.31
	Total equity	214,972.11
	Total liabilities and equity	973,219.54

2. CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2023
A	Cash flow from operating activities	
	Profit before tax	21,131.40
	Adjustment for:	
	Interest income on loans	(86,417.47)
	Depreciation and amortisation expenses	1,330.08
	Net gain on fair value changes (realised)	(660.32)
	Interest expense on borrowings	48,264.70
	Provision for impairment on financial instruments	1,838.08
	Interest on fixed deposits	(3,536.04)
	Baddebts written off	2,820.84
	ESOP Expenses	490.24
	Finance cost in Lease Liability	57.20
	Actuarial loss on post retirement benefit plans	23.77
	(Profit) / Loss on sale of fixed asset	(10.41)
	Operating loss before working capital changes	(14,667.93)
	Operational cash flows from interest	
	Interest received on loans	84,669.98
	Interest paid on borrowings	(41,846.94)
	Working capital changes	
	Adjustment for:	
(Increase) in loans	(368,659.69)	
Decrease / (Increase) in Other non-financial assets	256.31	
(Increase) / Decrease in financial assets	(5,567.28)	
(Increase) in trade receivables	(563.79)	
(Decrease) / Increase in financial liabilities	(17,526.31)	
Increase in trade payables	2,057.17	
Increase in non financial liabilities	301.40	
Increase in Provisions	62.07	
Cash (used in) operations	(361,485.01)	
Direct taxes paid (net)	(7,642.33)	
Net cash (used in) operating activities	(369,127.34)	
B	Cash flow from investing activities	
	Investments in mutual fund units	(413,485.53)
	Sale of mutual fund units	414,145.85
	Investments in T-Bill	(5,200.00)
	Interest received on bank deposits	3,536.04
	Purchase of property, plant & equipment and intangible assets	(1,976.82)
	Sale of property, plant & equipment	73.55
	Bank deposit not considered as cash and cash equivalents (net)	(584.19)
	Net cash (used in) / generated from investment activities	(3,491.10)
C	Cash flow from financing activities	
	Proceeds from issue of equity share (including share premium)	97,514.06
	Proceeds from long-term borrowings	426,503.89
	Repayment of long-term borrowings	(99,881.13)
	Proceeds from short-term borrowings (net)	(4,500.00)
	Finance cost in Lease Liability	(356.27)
	Net cash generated from financing activities	419,280.55
	Net Increase in Cash and cash equivalents	46,662.11
	Cash and cash equivalents at the beginning of the year	63,048.59
	Cash and cash equivalents at the end of the year	109,710.70

Notes:

- 3 The consolidated financial results of Avanse Financial Services Limited (the 'Company') and its subsidiary (collectively referred as the 'Group') have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified 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 the relevant provisions of the Act. The consolidated financial statements used to prepare the consolidated financial results, are based on the notified Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies that are required to comply with Ind AS.
- 4 The above consolidated financial results for the quarter and year ended 31 March 2023 along with comparative period which have been subjected to audit by the Statutory Auditors of the Group, have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company on May 05, 2023 at their respective meetings.
- 5 A Wholly Owned Subsidiary ('WOS') of the company namely 'Avanse Global Finance IFSC Private Limited' located in Gujrat International Finance Tec-City (GIFT City) has been incorporated effective January 11, 2023. Accordingly, consolidated financial results of the Group have been prepared from the quarter ended March 31, 2023. Hence, there are no comparative numbers of / forming part of the previous year.
- 6 The Group is primarily engaged in the business of financing and accordingly, there are no separate reportable segments as per Ind AS 108 dealing with operating segment.
- 7 During the year ended March 31, 2023, the Nomination and Remuneration Committee of Directors of the Company, has approved the grant of 1,000,766 stock options representing 1,000,766 equity shares of Rs 10 each of The Group to eligible employees.
- 8 The Company has entered into Share Subscription Agreement (SSA) with Kedaara Capital Growth Fund III LLP ("Kedaara") on December 28, 2022 for preferential allotment of equity shares and as per the SSA the first tranche of allotment of shares was completed on January 19, 2023.

For Avanse Financial Services Limited

Amit
Gaiinda

Digitally signed by
Amit Gaiinda
Date: 2023.05.05
19:20:58 +05'30'

Amit Gaiinda
Managing Director & CEO
DIN - 09494847

Place : Mumbai
Date : May 05, 2023

To,
BSE Limited
Dept, of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400001

Dear Sir/Madam,

Sub: Declaration under Regulation 52 (3)(a) of the Listing Regulations

Pursuant to Regulation 52(3)(a) of Listing Regulations as amended from time to time, it is hereby declared that Statutory Auditors of the Company i.e., S.R. Batliboi & Co. LLP, Chartered Accountants have submitted the audit report with unmodified opinion on annual audited financial results of the Company (Standalone and Consolidated) for the financial year ended March 31, 2023.

Kindly take the above on record.

For Avanse Financial Services Limited

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

Avanse Financial Services Ltd.

Registered & Corporate Office:

001 & 002 Fulcrum, A Wing, Ground Floor,
Sahar Road, Next to Hyatt Regency,
Andheri (East), Mumbai - 400 099 Maharashtra.

T: +91 22 6859 9999

F: +91 22 6859 9900

www.avanse.com

ASPIRE WITHOUT BOUNDARIES

To,
BSE Limited
Dept, of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400001

Dear Sir/Madam,

Sub: Security Cover Declaration

Ref: Regulation 54(2) and 54(3) of Listing Regulations

Pursuant to above-referred regulation and SEBI Circular No. SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022 ("SEBI Circular"), it is hereby declared that all the secured NCDs issued by the Company are secured by way of first ranking pari-passu charge by way of hypothecation over present and future Receivables of the Company to the extent of at least 100% of outstanding secured NCDs or higher security cover as per the terms of Offer Document/Information Memorandum for the quarter ended March 31, 2023.

Security Cover Certificate for the period ended March 31, 2023 as issued by the Statutory Auditors of the Company is enclosed herewith in the format prescribed under the aforementioned SEBI Circular.

You are requested to take the same on your records.

Thanking You,
For Avanse Financial Services Limited

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

Avanse Financial Services Ltd.
Registered & Corporate Office:
001 & 002 Fulcrum, A Wing, Ground Floor,
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F: +91 22 6859 9900
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ASPIRE WITHOUT BOUNDARIES

Independent Auditor's Report on Security Cover, Compliance with all Covenants and book value of assets as at March 31, 2023 pursuant to Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI Circular dated May 19, 2022 for submission to Catalyst Trusteeship Limited (the 'Debenture Trustee')

To

The Board of Directors
Avanse Financial Services Limited
001 & 002 Fulcrum, A Wing,
Ground Floor, Sahar Road,
Next to Hyatt Regency,
Andheri (East),
Mumbai – 400098.

1. This Report is issued in accordance with the terms of the master engagement agreement dated January 13, 2023, as amended with Avanse Financial Services Limited (hereinafter the "Company").
2. We S.R. Batliboi & CO. LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the Company to examine the accompanying Statement showing 'Security Cover as per the terms of Information Memorandum, Compliance with Covenants and book value of assets' for listed non-convertible securities as at March 31, 2023 (hereinafter the "Statement") which has been prepared by the Company from the Board approved audited standalone financial results, underlying books of account and other relevant records and documents maintained by the Company as at and for the period ended March 31, 2023 pursuant to the requirements of the Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and SEBI Circular dated May 19, 2022 on Revised format of security cover certificate, monitoring and revision in timelines (hereinafter the "SEBI Regulations and SEBI Circular").

This Report is required by the Company for the purpose of submission with Catalyst Trusteeship Limited (hereinafter the "Debenture Trustee(s)") of the Company to ensure compliance with the SEBI Regulations and SEBI Circular in respect of its secured listed non-convertible debt securities ('Debentures') The Company has entered into an agreement with the Debenture Trustee(s) in respect of such Debentures.

Management's Responsibility

3. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management of the Company is responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and SEBI Circular including maintenance of hundred per cent security

cover or higher security cover as per the terms of offer Information Memorandum and sufficient to discharge the principal amount and the interest thereon at all times for the non-convertible debt securities issued. The management is also responsible for providing all relevant information to the Debenture Trustee(s) and for complying with all the covenants as prescribed in the Information Memorandum.

Auditor's Responsibility

5. It is our responsibility to provide a limited assurance and conclude as to whether the:
 - (a) Company has maintained hundred percent Security cover or higher Security cover as per the terms of the information memorandum; and
 - (b) Company is in compliance with all the covenants (including financial covenants) as mentioned in the Information Memorandum
 - (c) Book values of assets as included in the Statement are in agreement with the books of account underlying the audited standalone financial results of the company as at March 31, 2023
6. We have performed a limited review of the audited standalone financial results of the Company for the year ended March 31, 2023 prepared by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and issued an unmodified conclusion dated May 05, 2023 . Our review of these financial results was conducted in accordance with the in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI").
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.
10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, our procedures included the following in relation to the Statement

- a) Obtained and read the Information Memorandum and noted that as per such information memorandum the Company is required to maintain 100 percent or more security cover.
- b) Obtained the Board approved audited standalone financial results of the Company for the period ended March 31, 2023.
- c) Traced and agreed the principal amount and the interest thereon of the secured listed non-convertible debt securities outstanding as on March 31, 2023 to the Board approved audited standalone financial results of the Company and the underlying books of account maintained by the Company as on March 31, 2023.
- d) Obtained and read the list of security cover in respect of secured listed non-convertible debt securities outstanding as per the Statement. Traced the value of assets from the Statement to the audited financial statements of the Company as on ended March 31, 2023 or books of accounts and records of the Company underlying the Board approved audited financial results as on March 31, 2023.
- e) Obtained the list of security created in the register of charges maintained by the Company and 'Form No. CHG-9' filed with Ministry of Corporate Affairs ('MCA'). Traced the value of charge created against Assets to the Security Cover in the attached Statement.
- f) Obtained the list and value of assets placed under lien or encumbrance for the purpose of obtaining any other loan and determined that such assets are not included in the calculation of Security Cover in respect of secured listed non-convertible debt security.
- g) Examined and verified the arithmetical accuracy of the computation of Security Cover, in the accompanying Statement.
- h) Obtained the Security Cover as determined by the management and evaluated whether the listed entity is required to maintain hundred percent security cover or higher security cover required to be maintained as per Information Memorandum.
- i) With respect to compliance with covenants (including financial, affirmative, informative and negative covenants) included in the Statement, we have performed following procedures:
 - i. Obtained the bank statements and traced the date of repayment of principal and interest due during the period October 01, 2022 to March 31, 2023.
 - ii. We have verified the compliance of financial debt covenants as per the Placement Memorandum till date of this certificate. With respect to the financial covenants for the year ended March 31, 2023 for which due date is after the date of this certificate, management has represented to us that the same shall be duly complied with within the due date;
 - iii. Performed necessary inquiries with the management regarding any instances of non-compliance of covenants during the half year ended March 31, 2023.
- j) With respect to covenants other than those mentioned in paragraph 10(j) above, the management has represented and confirmed that the Company has complied with all the other covenants including affirmative, informative, and negative covenants, as prescribed in the information Memorandum, as at March 31, 2023.

- k) Traced the book value of assets from the books of accounts of the company underlying the Board approved audited standalone financial results as at March 31, 2023.
- l) Performed necessary inquiries with the Management and obtained necessary representations.

Conclusion

11. Based on the procedures performed by us, as referred to in paragraph 10 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that the:
- a) Company has not maintained hundred percent security cover or higher security cover as per the terms of the information memorandum; and
 - b) Company is not in compliance with all the covenants (including financial covenants) as mentioned in the Information Memorandum.
 - c) Book values of assets as included in the Statement are not in agreement with the books of account underlying the audited standalone financial results of the company as at March 31, 2023.

Restriction on Use

12. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustee(s) and is not to be used or referred to for any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this Report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

SHRAWAN
BHAGWATI JALAN

Digitally signed by SHRAWAN BHAGWATI
JALAN
DN: cn=SHRAWAN BHAGWATI JALAN, c=IN,
o=Personal, email=shrawan.jalan@srb.in
Date: 2023.05.05 19:34:22 +05'30'

per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 23102102BGXIZF5013

Place of Signature: Mumbai

Date: May 05, 2023

Statement:

Table 1 - Statement of security cover

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as security	Elimination on (account in negative)	(Total C to H)	Related to only those items covered by this Certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)	Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M+N)	
		Book Value	Book Value	Yes/No	Book Value	Book Value								
Assets														
Property, Plant and Equipment	Freehold Land	-	-	Yes	7.50	-	1,301.49	-	1,308.99	-	-	-	7.50	7.50
Capital Work-in-Progress		-	-	-	-	-	-	-	-	-	-	-	-	-
Right of use Assets		-	-	-	-	-	348.58	-	348.58	-	-	-	-	-
Goodwill		-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	634.48	-	634.48	-	-	-	-	-
Intangible Assets under development		-	-	-	-	-	464.12	-	464.12	-	-	-	-	-
Investments		-	-	-	-	-	6,442.69	-	6,442.69	-	-	-	-	-
Loans	Receivables	-	-	Yes	741,947.67	-	95,399.24	-	837,346.91	-	-	-	741,947.67	741,947.67
Inventories		-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	-	-	-	832.98	-	832.98	-	-	-	-	-
Cash and Cash Equivalents		-	-	-	-	-	109,709.70	-	109,709.70	-	-	-	-	-
Bank Balances other than Cash and Cash Equivalents		-	-	-	-	-	3,278.78	-	3,278.78	-	-	-	-	-
Others		-	-	-	-	-	12,854.77	-	12,854.77	-	-	-	-	-
Total		-	-	-	741,955.17	-	231,266.82	-	973,221.99	-	-	-	741,955.17	741,955.17
LIABILITIES		-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities to which this certificate pertains		-	-	Yes	284,489.84	-	-	-	284,489.84	-	-	-	-	-
Other debt sharing pari-passu charge with above debt		-	-	Yes	400,570.93	-	-	-	400,570.93	-	-	-	-	-
Other debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	7,707.35	-	7,707.35	-	-	-	-	-
Borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-
Bank		-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Securities		-	-	-	-	-	-	-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables		-	-	-	-	-	5,473.72	-	5,473.72	-	-	-	-	-
Lease Liabilities		-	-	-	-	-	405.56	-	405.56	-	-	-	-	-
Provisions		-	-	-	-	-	136.69	-	136.69	-	-	-	-	-
Others		-	-	-	-	-	59,463.34	-	59,463.34	-	-	-	-	-
Total		-	-	-	685,060.76	-	73,186.67	-	758,247.43	-	-	-	-	-
Covered on Book value					1.08									
Covered on Market value														
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio		1.08							

- Notes:
- The Security Cover ratio pertains to only listed secured debt securities.
 - IND-AS adjustment for effective interest rate on listed debt securities are excluded from assets cover computation being an accounting adjustment and accordingly the asset cover is computed on a gross basis.
 - Loans amount represents loan as per audited financial results for the year ended March 31, 2023 (net off provision).
 - The amount has been extracted from the audited financial results for the quarter and year ended March 31, 2023.
 - Security cover is calculated only on debt for which this certificate is being issue.
 - Assets considered for pari-passu charge and exclusive charge is calculated based on asset cover requirement as per respective placement memorandum/term sheets for securities.



Avanse Financial Services Ltd.
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Statement of Compliance of all the covenants/terms of the issue in respect of listed debt securities of the listed entity

Details of Placement Memorandum/term sheets entered by the Company

Sr. No	Issue Type	Trustee	Covenant Description	Compliance with covenant	If No, Reason for Non-Compliance
1	NCD 001	Catalyst Trusteeship Limited	Covenant as per clause 7.3, 7.4 & 7.5 of Placement Memorandum	Complied	Not Applicable
2	NCD 003	Catalyst Trusteeship Limited	Covenant as per clause 7.3, 7.4 & 7.5 of Placement Memorandum	Complied	Not Applicable
3	Series 2 Tranche 2	Catalyst Trusteeship Limited	Covenant as per clause 6.3, 6.4 & 6.5 of Placement Memorandum	Complied	Not Applicable
4	NCD Series 9 Tranche 1	Catalyst Trusteeship Limited	Covenant as per financial covenant and condition of Termsheet	Complied	Not Applicable
5	NCD Series 9 Tranche 2	Catalyst Trusteeship Limited	Covenant as per financial covenant and condition of Termsheet	Complied	Not Applicable
6	NCD Series 10	Catalyst Trusteeship Limited	Covenant as per clause 7.3 (Annexure VII) of Placement Memorandum	Complied	Not Applicable
7	NCD Series 11	Catalyst Trusteeship Limited	Covenant as per clause 7.3 (Annexure VII) of Placement Memorandum	Complied	Not Applicable
8	NCD Series 12	Catalyst Trusteeship Limited	Covenant as per clause 7.3 (Annexure VII) of Placement Memorandum	Complied	Not Applicable
9	NCD Series 13	Catalyst Trusteeship Limited	Covenant as per clause 7.3 of Placement Memorandum	Complied	Not Applicable
10	NCD Series 14	Catalyst Trusteeship Limited	Covenant as per clause 7.3 of Placement Memorandum	Complied	Not Applicable



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11	NCD Series 15	Catalyst Trusteeship Limited	Covenant as per clause 7.3 of Placement Memorandum	Complied	Not Applicable
12	NCD Series 16	Catalyst Trusteeship Limited	Covenant as per clause 7.3 of Placement Memorandum	Complied	Not Applicable
13	NCD Series 17	Catalyst Trusteeship Limited	Covenant as per clause 7.3 of Placement Memorandum	Complied	Not Applicable
14	NCD Series 18	Catalyst Trusteeship Limited	Covenant as per clause 6.3 of Placement Memorandum	Complied	Not Applicable
15	NCD Series 19	Catalyst Trusteeship Limited	Covenant as per clause 7.3 of Placement Memorandum	Complied	Not Applicable
16	NCD Series 20	Catalyst Trusteeship Limited	Covenant as per clause 7.3 of Placement Memorandum	Complied	Not Applicable
17	NCD Series 21	Catalyst Trusteeship Limited	Covenant as per clause 6.3 of Placement Memorandum	Complied	Not Applicable
18	NCD Series 22	Catalyst Trusteeship Limited	Covenant as per clause 6.3 of Placement Memorandum	Complied	Not Applicable
19	NCD Series 23	Catalyst Trusteeship Limited	Covenant as per clause 7 (Q), 7 (R) & 7(S) of Placement Memorandum	Complied	Not Applicable
20	NCD Series 24	Catalyst Trusteeship Limited	Covenant as per clause 7 (Q), 7 (R) & 7(S) of Placement Memorandum	Complied	Not Applicable
21	NCD Series 25	Catalyst Trusteeship Limited	Covenant as per clause 7 (Q), 7 (R) & 7(S) of Placement Memorandum	Complied	Not Applicable

For Avanse Financial Services Limited

VINEET
MAHAJAN
Vineet Mahajan

Digitally signed by
VINEET MAHAJAN
Date: 2023.05.05
19:19:07 +05'30'

Chief Financial Officer

Date: 05th May, 2023



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May 05, 2023

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

Sub: Declaration in respect of Regulation 52(7) and 52(7A) of Listing Regulations

Dear Sir / Madam,

Pursuant to Regulations 52(7) and 52(7A) of the Listing Regulations, we hereby state that there is no material deviation in use of proceeds of issue of NCDs from the objects stated in the offer document for the quarter ended March 31, 2023.

In this regard, please find enclosed herewith Statement in the prescribed format, indicating no deviation or variation in the use of proceeds from issue of listed NCDs as Annexure "C1".

Request you to please take the above on record and oblige.

Thanking you,

Yours Truly,
For Avanse Financial Services Limited

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



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Annexure C1

A. Statement of Utilisation of Proceeds

1	2	3	4	5	6	7	8	9	10
Name of the Issuer	ISIN	Mode of fund raising (Public issue/private placement)	Type of Instrument	Date of Raising Funds	Amount Raised (INR in crore)	Funds utilised (INR in crore)	Any Deviation (Yes/No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
Avanse Financial Services Limited	INE087P07295	Private Placement	NCDs	January 12, 2023	250	250	No	NA	NA
	INE087P07303	Private Placement	NCDs	February 01, 2023	100	100	No	NA	NA
	INE087P07311	Private Placement	NCDs	March 29, 2023	75	75	No	NA	NA

B. Statement of Deviation / Variation in utilisation of funds raised

Name of listed entity	Avanse Financial Services Limited					
Mode of Fund Raising	Private Placement					
Type of Instrument	Non-Convertible Debentures (NCDs)					
Date of Raising Funds	January 12, 2023	February 01, 2023	March 29, 2023			
Amount Raised	INR 250 crore	INR 100 crore	INR 75 crore			
Report filed for Quarter ended	March 31, 2023					
Is there a Deviation / Variation in use of funds raised	No					
Whether any approval is required to vary the objects of the issue stated in the prospectus/offer document?	No					
Date of approval	NA					
Explanation for the Deviation / Variation	NA					
Comments of the audit committee after review	NA					
Comments of the auditors, if any	NA					
Objects for which funds have been raised and where there has been a deviation, in the following table						
Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised	Amount of Deviation/Variation for half year according to applicable object (INR crores and in %)	Remarks if any
Nil	Nil		NA		Nil	Nil

Deviation could mean:

- Deviation in the objects or purposes for which the funds have been raised
- Deviation in the amount of funds actually utilized as against what was originally disclosed.



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